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MONTE CARLO TODAY

Start-up with history: Willis Re returns and has unique tale to tell

WHEN IS A START-UP NOT REALLY A START-UP? The short answer to that in the reinsurance industry is now simple: when it is Willis Re. A business once absorbed into Gallagher, like a phoenix from the flames, the name has been reborn.

But this Willis Re is no replica, says Jim Summers, chief executive of global specialties at Willis Re since June and the man driving the broker's development. This is the new Willis Re.

Summers, an industry veteran with deep

expertise in marine and energy, is tasked with explaining this contradiction at the heart of Willis Re – and why the new version is different. “We are a start-up, we are nimble; yet we’ve got the rich history of the Willis Re brand. We have no legacy systems, yet we’ve got the huge infrastructure of Willis Towers Watson (WTW) around us. The brand is still there; we just needed the talent and the technology.”

The new Willis Re has been busy acquiring both those things since its official **4** →



Jim Summers

BREAK-EVEN POINT: 2027 could be a defining year



Robert Wiest

REINSURERS COULD REACH A BREAK-EVEN POINT as soon as 2027 if current market trends continue, with some slipping into losses as margins erode further, MS Reinsurance chief executive Robert Wiest has warned.

“We are getting closer to what I call the break-even point,” Wiest told *Monte Carlo Today*. “I don’t think 2026 is a break-even point. It might actually be an excellent financial year.”

But that could mask what is happening underneath.

“2027 might be a break-even year for reinsurers if we continue as we are. Most probably, some will dip into the red and some will still stay above the waterline,” he said.

“I see 2027, maybe late 2027, as a determining year for reinsurers, and then in subsequent years you will start to **3** →

INSIGHTS AND ANALYSIS FROM THE INDUSTRY’S MOVERS AND SHAKERS INSIDE



Emily Davis



Marc Amen



Kurt Cripps



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REINSURANCE

Reinsurers near break-even, 2027 could be defining year

➡ see more and more reinsurers actually losing some money.”

The warning is particularly striking because Wiest believes 2026 could still produce strong reported results. Low catastrophe activity so far is helping profitability, he said, but with a more average claims burden, not every reinsurer would necessarily remain profitable.

Nor does he see a single reinsurance cycle moving uniformly towards a bottom. “The reality is there is no one cycle,” Wiest said. “It is a multitude of micro-cycles – lines of business, regions and client segments.”

Some specialist reinsurers might still find themselves in attractive markets, while others could already be at the bottom.

Strategies will be put to test

For Wiest, declining margins will test more than underwriting discipline. They will expose which reinsurers have built business

“2027 a determining year for reinsurers. Some will dip into the red and some will still stay above the waterline.”

models capable of surviving the softer phase they knew would eventually arrive.

“The next three years will force reinsurers to show their hands,” he said.

He added: “It is very easy to sell ‘I am a long-term partner’ in the good times, when you are almost sure you are making money. It is much harder to maintain the strategic positioning and a seat on the panel if your margins get squeezed.”

That creates a practical question for every reinsurer: where is the point at which margins become too thin to continue supporting a client?

“The next few years will force a lot of reinsurers to reveal whether they are truly strategic relationship partners or whether they are transactional,” Wiest said.

KEY POINTS:

- Strong 2026 results could mask pressure
- No single reinsurance cycle exists
- MS Re planned for softer 2027–29

MS Re has been planning for that test for several years. Wiest said the company built an assumption that 2027, 2028 and 2029 would bring a softer cycle into its forecasts, business planning and investment decisions rather than extrapolate the stronger market indefinitely.

“We have never planned for a straight line upwards,” he said. “If you had assumed the market would continue its positive linear trajectory, you have a problem right now.”

That planning follows a four-year transformation at MS Re that began after Wiest joined as chief executive in 2022. The company has since rebalanced its portfolio, overhauled its operating platform and strengthened its underwriting capabilities. In May, Wiest said MS Re was moving beyond transformation and into the next stage of its development.

Growth gets more selective

The softer outlook does not mean MS Re intends to stop growing. But Wiest said the emphasis is increasingly on doing more with cedants the reinsurer already knows rather than adding clients simply to maintain momentum.

“In the current softening market, we’re leaning more than ever into selective growth from clients we know and understand,” he said.

That becomes more important as risks themselves become increasingly connected across underwriting and investment portfolios.

Cyber is one area where MS Re is becoming more cautious, particularly because of the uncertainty created by AI. “Cyber is the big unknown, and I think we have to admit we know less than last year,” Wiest said.

The problem is fundamental to underwriting. “If we can’t quantify the risk, we can’t tell you the price,” he said.

Yet Wiest does not believe retreat is an adequate response. Given societies’ dependence on technology, he questioned whether insurers and reinsurers can afford not

to provide cyber protection. “I would clearly single out cyber as a societal responsibility,” he said. “This is a big topic and cannot be approached as a simple business opportunity. There are big question marks because we don’t understand enough.”

‘Who are you?’

As conditions deteriorate, Wiest believes access to capital will remain a critical differentiator despite its current abundance. For cedants, the issue is not simply whether a reinsurer has capacity at the next renewal, but whether that capital remains reliable when economics become considerably less attractive.

That brings Wiest back to what he sees as the defining question for reinsurers over the next stage of the cycle. “Who are you? Are you a transactional reinsurer or are you a long-term, partnership-oriented reinsurer?”

Both are legitimate models, he said. The

“The next few years will force reinsurers to reveal whether they are truly strategic relationship partners or whether they are transactional.”

problem comes when reinsurers promise one thing and behave like another once margins disappear. “Realism is as important as honesty. Some reinsurers are overpromising, which jeopardises their ability to be a sustainable, long-term partner.”

Wiest believes a future-proof reinsurer ultimately needs a business model capable of maintaining access to capital through almost any market conditions. “If you don’t have that, then you are dead in the water.”

For now, the market continues to soften and profitability remains. But Wiest’s warning is that the results reinsurers report today might not reveal how close that test has become. “We all knew it,” he said of the softer market. “Now it is starting to manifest.” ●

COVER STORY

Willis Re returns and has unique tale to tell

🔗 launch in 2025 as a joint venture between WTW and private investment firm Bain Capital.

Deftly led by Lucy Clarke, president of risk and broking at WTW and a Willis Re board member, the venture has endured challenges – notably the high-profile court case with Guy Carpenter. The judge largely ruled in favour of Willis Re – but it was an arduous process.

Now that is behind it, Willis Re is gaining momentum. The lure and excitement of working for an agile start-up has appealed to top talent – Summers among them. It is also appealing to clients.

Summers notes that the old Willis Re (pre-Gallagher acquisition in 2021) was renowned for its expertise in speciality reinsurance lines. This is also Clarke's background on the insurance side. So this is where it starts. "Clients always associated Willis Re with

“We are a start-up, we are nimble; yet we've got the rich history of the Willis brand. The brand is still there; we just needed the talent and the technology.”

these areas; solving problems in these areas,” Summers told *Monte Carlo Today*.

Back to the future

Willis Re's leadership is being deliberate when it comes to growth. Rather than attempt to launch across every business line simultaneously, it is focusing first on areas where the wider Willis business already enjoys strong relationships. These include marine, energy, aviation, technical lines, trade credit and property direct and facultative.

The broader ambition, however, is significantly larger. “The aim is that Willis Re will be a reinsurance broker that covers all the geographies and business lines Willis, the insurance broker, does,” Summers said. “We just need to go at a pace that means we do things right; we need the right people and systems in first.”

But any notion that Willis Re will be a simple copy of its pre-2021 predecessor

KEY POINTS:

- Willis Re targets specialty lines first
- AI can transform decision making
- Reinsurance still a people business

is dismissed by Summers. While it might eventually boast a similar scope of lines of business, how it does things will be very different.

The world has changed, the market has changed, he stresses. The advancement of technology and AI has changed what is possible for brokers beyond all recognition. Client needs and expectations have soared. And with no legacy systems and a clean slate to work from, he eyes an opportunity.

“Artificial intelligence is reshaping how brokers operate, clients are demanding greater choice and the business has the chance to design its technology stack around customer needs rather than internal processes,” he said. “Our ambition is that when a client has a problem, they call us. And they will do that because they will know we've got the team and technology in place to respond in an appropriate fashion.”

AI: time, not complexity

Technology sits at the heart of Willis Re's strategy, but Summers is careful to distinguish between technology that benefits brokers and technology that benefits clients. “We're setting the business up for our clients, not for us,” he stressed.

He believes the insurance industry has traditionally lagged behind other sectors in digital transformation, but the acceleration of AI over the past year provides an opportunity to rethink how reinsurance broking operates from the ground up – and that is only realistic staring with no legacy systems, as Willis Re is.

Rather than build new placement platforms, Willis Re is integrating pricing tools, capital models, portfolio optimisation capabilities and client management systems into a connected ecosystem, supported by AI. What is more, the reinsurance side will be able seamlessly to integrate with insurance.

“In most other companies, different systems don't talk to each other,” Summers said. “But you can put an AI wrap around all that, allowing all these functions talk to each other. That makes everything so much faster.”

He is also clear on what that ultimately means. The objective is not automation for its own sake, but better decision-making. “The more time we can save, the more we can lend to judgment,” he said.

“The judgment part is where we need to be – allowing brokers and clients to spend more time making decisions. Giving clients better information earlier in the renewal process will allow them to make more informed strategic decisions.”

Such an approach also offers clients a choice. The reinsurance broking landscape has become increasingly concentrated following years of mergers and acquisitions. Summers believes clients benefit from having meaningful alternatives. “Choice is very important for clients,” he said. Rather than describe Willis Re as a disruptive force, however, he prefers a different word. “I would probably use improvement more than disruption.”

“We have no legacy systems, yet we've got the huge infrastructure of WTW around us.”

This approach is also reflected in the broker's approach to conference season – and Monte Carlo specifically. Summers says the company's priority is to understand client challenges rather than promote itself. “We want to be listening more than we're talking; we want to be an enabler, not a blocker.”

With the ‘speed-dating’ scenes of the *Rendez-Vous* in mind, ultimately, he maintains that reinsurance remains a people-first business. Returning to the theme of technology and AI, Summers argues that such investments are only merited if the outcome is better for the client.

“If you make the right judgments consistently over a period of time, your business will be stronger,” he said. “The greatest competitive advantage AI can deliver is surprisingly simple: it is additional time. Reinsurance is still ultimately a people's business. If you give people more time to be people and not wait for unnecessary process, you create that time and allow people to be people in a people's business.” ●

OUTLOOK

Strong growth across specialty

Data centres, energy transition and broader infrastructure are strategic growth areas and a significant opportunity for the industry, but one that demands disciplined execution, says Everest.



The specialty market's biggest growth opportunities are emerging in some of the areas where risk is hardest to price.

For Everest, that means there is money to put to work across energy transition, data centers and digital infrastructure – but not at the expense of underwriting discipline.

“The biggest mismatch is at the intersection of technology, infrastructure and geopolitics,” Emily Davis, head of global specialties at Everest, told *Monte Carlo Today*.

In data centers, investment driven by AI and cloud demand is creating rapidly growing exposures while aggregation patterns and supply chain dependencies are still being understood.

“The risk is moving faster than traditional accumulation and pricing frameworks, which is why we focus on tight accumulation management and selective deployment, rather than broad capacity growth,” Davis said.

It is a balance Everest is striking across a specialty portfolio spanning aviation, marine, cyber, engineering and parametric, with Davis seeing some of the strongest growth opportunities in the broader energy transition and infrastructure ecosystem.

Growth on the right terms

Energy transition is one area where Everest is leaning in. Everest brings specialized renewable energy expertise with dedicated leadership developing parametric and climate-linked solutions alongside conventional indemnity cover.

Data centers are another priority, although Everest is supporting selected clients through targeted treaties rather than simply adding capacity.

“In some niches, demand can run ahead of disciplined risk appetite, particularly where aggregation is still being quantified,” Davis said. “In those cases, we prioritise sustainable participation, being selective on limits and attachment points rather than matching every request.”

As infrastructure projects become larger and more complex, however, Davis believes the harder question is not necessarily

KEY POINTS:

- Data centre demand outpaces appetite
- Accumulation becomes more complex
- Everest will not chase the market

how much capacity is available, but how the cover responds.

“The real risk today is less about capacity and more about coverage mechanics – how clauses like replacement cost timelines, margin clauses and occurrence limits behave in an inflationary, supply chain constrained world,” she said.

That is creating a role for bespoke structures, including parametric and capital-efficient solutions, alongside traditional cover.

Accumulation across classes

Those challenges become harder when the same event produces losses across several specialty portfolios.

“We will prioritise discipline and, where necessary, reduce or reshape our exposure rather than follow the market down.”

A geopolitical shock, for example, can generate marine war losses and aviation detentions, disrupt energy and infrastructure and drive increased cyber activity.

“Traditional models often treat those as separate,” Davis said. “Industry wide, there’s still work to connect specialty portfolios across lines, especially where wordings, attachment points and reinsurance structures differ.”

AI presents a different version of the problem. Claims involving data bias, intellectual property and privacy are already emerging, Davis said, while AI-driven exposures have the potential to touch several insurance lines at once.

“Our role is to stay ahead of those shifts – working with clients on data, contract clarity

and structure, and being willing to say ‘not yet’ or ‘not at that price’ when risk is running ahead of market pricing,” she said. “We’re built to help clients navigate a constantly evolving environment – staying ahead of what’s next.”

That discipline is being tested in cyber, where Davis sees rate decreases, broader coverage and ample capacity despite ransomware remaining a significant threat and AI-enabled actors adding complexity. “We’d rather maintain sustainable capacity than chase short-term volume where economics are misaligned,” she said.

Discipline as markets soften

The same principle applies to established specialty classes.

In marine, Davis said reinsurers cannot predict every change in trade routes or geopolitical tensions, but can price for volatility. Where market softening becomes inconsistent with emerging loss experience, Everest is prepared to reduce or reshape exposure.

Aviation presents a different challenge. War-related exposures, including detained and stranded aircraft, remain difficult to price, but Davis said social inflation and escalating US liability awards are currently a greater concern.

“The long tail of these exposures, combined with a shifting legal and regulatory backdrop and potential for complex, multi-jurisdictional disputes, makes ultimate outcomes hard to quantify at inception,” she noted.

Looking ahead, Davis expects cyber and AI-linked liabilities to change most over the next five years as technology, regulation and case law reshape coverage definitions, contract structures and capital models.

Parametric is also expected to move further into the mainstream. “As the energy transition accelerates, we expect parametric to become a mainstream component of risk programmes rather than a niche product,” she said.

For Everest, however, the underlying underwriting test remains unchanged. “The key is not to chase the cycle,” Davis said. “If the market softens in a way that’s inconsistent with emerging loss experience, we will prioritise discipline and, where necessary, reduce or reshape our exposure rather than follow the market down.” ●

REINSURANCE

Ascot targets bigger reinsurance role

Ascot has spent 25 years building its reputation as a specialty underwriter. Marc Amen, its North America CEO, wants the next few to make it a much bigger force in the wider reinsurance market.

"My expectation in three to five years is we will be a larger, more material, and more relevant player in the broader reinsurance market," he told *Monte Carlo Today*.

Ascot is expanding its US reinsurance capabilities, bringing its US and Bermuda platforms closer together and looking to third-party capital to give it greater freedom over where and how it deploys capacity.

But Amen is equally clear that growth will not come at any price. As competition pushes pricing down, particularly in property, Ascot is prepared to put its capital elsewhere rather than follow the market.

"We don't need to follow the market down," he said. "We'll allocate our capital to other market opportunities that we think offer a better risk-reward dynamic."

That puts the emphasis on businesses where Ascot believes its underwriting expertise gives it an edge. "We're focus on putting capital to work in markets and products where there are true barriers to entry, where our underwriting expertise provides competitive advantages," he said.

Marine, trade credit, kidnap and ransom, parametric, specialty casualty and professional lines are among the areas where Ascot sees potential. More commoditised classes are a different proposition.

"We don't necessarily see the opportunity to just jump into those markets right now," Amen said. "It's really more in those specialty classes that require unique underwriting expertise and skill sets to be able to provide clients unique solutions consistently."

Building out in the US

Part of Ascot's growth plan is to establish a bigger US reinsurance presence.

The company already has a broad Bermuda specialty portfolio spanning casualty, professional lines, cyber, credit, marine, energy and property. It now wants to develop its US reinsurance platform alongside it, particularly in professional lines, accident and health, regional businesses.

The rationale, Amen said, is not to move the existing portfolio from Bermuda, but to reach clients that do not necessarily buy

KEY POINTS:

- Specialty expertise to drive growth
- Third-party capital adds flexibility
- US reinsurance presence expanding

their reinsurance on the island. "It's about enhancing that portfolio by bringing in new clients, by being able to offer a broader spectrum of solutions," he said.

"Getting closer to those clients, getting closer to those distribution partners, getting closer to that market should serve us well in the long run."

Amen also wants to avoid the different routes to market competing with one another. "We're one team," he said, describing Ascot as a "horizontally integrated ecosystem" bringing together facultative, treaty and alternative capital rather than allowing individual products or platforms to operate as silos.

"What we're in the business of is matching risk and capital," he said.

Its US business is predominantly specialty



Marc Amen

insurance today, while Bermuda houses most of its assumed reinsurance portfolio. Across the two, Ascot can draw on facultative, treaty and ILS capabilities and decide where a risk is best placed according to the client's requirements and the capital available.

"It really all starts with the client," Amen said. "It's about bringing the full suite of products to bear to solve a client's need first and foremost."

Capital where it counts

Third-party capital is becoming another part of that toolkit. Its attraction is not simply the additional capacity it provides, but the flexibility it gives Ascot over how much risk it retains and where it deploys its own capital.

It could be used to manage peak-zone

exposures, provide relief where Ascot becomes overweight or allow it to offer a larger line where it sees an attractive opportunity.

"Third-party capital provides us flexibility, allowing us to be a more dynamic, and consistent partner in how we work to solve clients' needs," Amen said.

Ascot has already taken that approach in casualty through its Wayfair vehicle, and Amen sees scope to extend it. "We're looking to replicate that in the property side as well as the specialty side, perhaps some other unique classes that haven't necessarily come to fruition yet," he said.

Data centres are one area where that additional flexibility could prove useful. Their rapid expansion requires substantial amounts of insurance capital across construction, professional lines, energy and other classes.

Amen says that creates opportunity, but also questions around correlation, peak exposures and how much capacity can sensibly be deployed.

"How can the P&C industry show up at this particular moment in time to provide a whole suite of clients with the capital that they need in order to get these projects up and running?" he asked.

Picking the opportunities

Property is currently one area where Ascot is prepared to sacrifice volume rather than chase price. But elsewhere Amen sees a more nuanced picture.

Ascot remains "pretty robust on casualty", where he believes the relationship between rate and loss-cost trends is more favourable. The question heading towards 2027 is whether years of increases begin to produce "rate fatigue" among insurance buyers and change how much risk they retain and ultimately how much reinsurance they purchase.

Amen is also watching marine following losses during the year, and trade credit as the economic environment develops. Both are areas where Ascot already has expertise and could deploy more capital if the risk-reward balance is right.

That selectivity is likely to remain important as geopolitical, economic and technological risks become harder to predict.

"If there's ever been a need for the insurance business, it seems to be now," Amen said. "That being said, we have to be careful. We have to be judicious." ●

BROKING

Reinsurers must 'step up' on value

Buyers should use softer conditions to push for better products, structures and communication rather than simply lower prices, says Aon's reinsurance broking chief.



Reinsurers need to “step up” and deliver more value to buyers after several years of strong returns, according to Aon's global chief broking officer for reinsurance, Anshuman Srivastava, as the market moves further in cedants' favour.

Speaking to *Monte Carlo Today*, Srivastava said abundant capital and softer conditions were giving insurers room to rethink not only about price, but attachment points, coverage and their reinsurance buying strategies. Buyers are seeking value-driven products, with a shift towards enterprise-level buying and cycle management.

“Reinsurers are keen to engage. They would like to support our insurer clients' growth and grow themselves,” he said. “They are aware that they've been returning 17% ROEs for the past few years, and that they need to step up and provide more value in the product they sell.”

That does not mean rates simply collapse, he cautioned. Instead, the softer market should create space for more structuring, innovation and discussion around what buyers actually need. “There's an abundance of capital that's out there. It doesn't mean that price is going to sink to the floor,” he said. “But what that does mean is that there are more conversations, more communication, and certainly more structuring and innovation as a result.”

For buyers, that may mean revisiting changes imposed during the harder market. Srivastava pointed to attachment points, which moved materially in 2023, and the scope of cover, which became more restrictive as reinsurers pushed for tighter terms.

He also expects larger buyers to take a broader view of their purchases. “You will probably see more enterprise-level buying as opposed to business unit-level buying,” he said, particularly where companies are managing larger and more complex risk positions across portfolios.

‘Not enough innovation’

The bigger question, however, is whether the products on offer improve enough to materially unlock more demand.

KEY POINTS:

- More innovation expected this year
- Buyers seek value beyond price
- Cedants rethink cover and structure

Srivastava said further growth would depend on whether sellers offered products that genuinely improved insurers' capital and earnings positions.

“We have not seen enough innovation or change in the past year, at least, which we expected to come through this year,” he said.

That matters because, in his view, “demand has been and will continue to be driven by value” rather than the availability of capacity alone. A cheaper product that does not solve the buyer's underlying problem will not necessarily lead to more risk or a sustainable purchase. At this point in the cycle, he expects more reinsurance to be traded through a wider mix of structures, including proportional and

“There's an abundance of capital that's out there. It doesn't mean that price is going to sink to the floor.”

non-proportional cover, while alternative capital becomes more deeply embedded in buyers' options.

Aon no longer views alternative capital simply as a “substitute” for traditional reinsurance, he said, but as a “complement” that can increasingly support risk across the curve.

“The lines are fairly blurred” between capital-markets products and traditional reinsurance, Srivastava said, noting growing use of rated fronting and increasing investor interest in casualty and multi-line sidecars.

That evolution should encourage buyers to focus less on labels and more on which capital source and structure best solves the risk.

Communication beats price

For reinsurers trying to differentiate at 1/1, Srivastava was equally clear that price alone will not be enough.

Aon's broker survey measures reinsurer performance across price, capacity, communication and whether a broker would recommend the carrier. According to Srivastava, its analysis found that pricing did not rank first.

“It was actually communication,” he said.

That matters particularly as the market softens. Reinsurers, he argued, need to articulate appetite clearly, explain changes in their view of risk, and make sure clients understand where they are willing to grow.

Long-term relationships will also matter. Srivastava said buyers retain a clear bias towards core reinsurers that have supported them over time, paid claims, remained flexible and worked through the cycle.

But he also encouraged buyers to keep challengers and newer capacity in the mix, both for competitive tension and for price and structure discovery.

The risk, he said, is allowing renewals to drift too late and turning the negotiation into a debate about price. Timing is key.

“Price should never be the basis of negotiations,” Srivastava said. “At the end of the day, the buyers always feel they've paid too much, and the reinsurer always feels that they're getting too little. The price will be determined by the market.”

The opportunity at Monte Carlo, therefore, is to start those conversations earlier.

For Srivastava, the message to buyers is straightforward: use the leverage available in the market, renew core reinsurer relationships and improve the quality of protection rather than simply drive down price.

“Spend a little bit more time thinking through your buying strategies, the products that you're buying,” he said. “Don't just compare price but actually compare the value of products.” ●

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CAPACITY

MGA 'bull market' starts losing steam

The long-running surge of capital into MGAs is beginning to slow as capacity providers become more selective over whom they back, according to Matt Harvey of Oneglobal Broking.

After years of rapid expansion, Harvey is seeing some capacity providers that backed multiple MGAs begin to pull back, while others are imposing different collateral requirements. Some MGAs are also finding it harder to secure support from carriers.

"Over recent years, certainly the capacity is slowing down. There have been some providers that have backed multiple MGAs. They're now retracting their capacity a little and also putting in some different conditions to those MGAs regarding collateral," Harvey told *Monte Carlo Today*.

The shift follows an extraordinary period of MGA formation and growth, particularly since the Covid-19 pandemic. Some businesses launched during the expansion have subsequently developed into fully fledged insurers and Lloyd's syndicates.

But Harvey believes that phase of almost indiscriminate growth was unlikely to continue indefinitely. "MGAs have their place. They're fantastically entrepreneurial business, and it's wonderful when you see somebody with a niche idea, with a concept, working hard, eating what they kill, then developing the business on," he said.

"But naturally, the bull market that was in MGAs did have to sort of run out of steam eventually, and we're seeing a more selective capital base."

Capacity gets pickier

That selectivity does not mean capital has disappeared. Across the broader P&C market, Harvey sees the opposite problem as the capacity remains abundant. The distinction is increasingly about where providers are prepared to deploy it.

For delegated authority business (DUA), credibility and distribution have become increasingly important. "They want credible people who have got good market access in order to make the most and to utilise their capacity in an optimal way," Harvey said.

Lloyd's is also being careful in its approach to delegated business, he added, with significant regulatory requirements around establishing binders.

"I think what Lloyd's and the London

KEY POINTS:

- MGA capital becomes more selective
- Rating adequacy is nearing a cusp
- London can tap new pools of business

Market has now got is a wonderful opportunity to position itself as the market leader for a lot of this delegated business," Harvey said.

Oneglobal works with syndicates' delegated underwriting authority teams to navigate those requirements, while Harvey said many underwriters and DUA teams are already responding to the opportunity.

Better information is becoming increasingly important as carriers scrutinise the performance of delegated portfolios. Harvey said problems are not necessarily first revealed by losses; inadequate premium volumes and EPIs can also provide warning signs.

Data capture and presentation have



“We are reaching a cusp if we haven't reached it already, where rating adequacy has to be called into question.”

improved "dramatically" over the past two to three years, he said, allowing portfolios to be monitored more closely. But better technology does not remove an old insurance problem. "The data presented is only as good as what is actually entered into these systems," he said.

The capacity is still there

The changing MGA environment sits within a market that remains awash with capacity. Harvey identifies the growth of MGAs alongside broker facilities as two of the developments that have most changed the direction of the market over the past decade.

Some broker facilities have become enormous pools of capacity. "Some of those broker facilities are absolute Leviathans. They can swallow great chunks of capacity and the brokers don't really need to break per se. Maybe a lead line," he said.

MGAs, meanwhile, continue to provide an additional pool of capacity despite the slowing pace of expansion, adding further competitive pressure to the conventional market.

That abundance is being felt particularly strongly in facultative business. Rate reductions are continuing, although Harvey sees signs that the largest cuts are beginning to moderate. "The handbrakes are starting to come on with some of the bigger reductions, but one of the big problems is that there's just abundant capacity," he said. "Most clients seem to be wanting to milk the last that they can, quite rightly, out of the rate reductions."

Oneglobal is sometimes going through three or four requotes on individual risks as buyers seek further savings.

In property, he is nevertheless beginning to see "the brakes" applied in some areas. Rate reductions of 5% to 7.5% remain achievable, he said, and greater reductions can sometimes be obtained by restructuring placements and introducing new capacity.

The concern is how far that process can continue before underwriting economics become difficult to defend. "The biggest concern is the rating adequacy and whether we are heading back to pre-2017 levels, which it looks like we are at the moment," Harvey said.

"I do think we are reaching a cusp if we haven't reached it already, where rating adequacy has to be called into question."

Bringing new risks to London

For Oneglobal, he said, it was important to find business that adds to the London Market rather than competing solely for risks already circulating within it.

Harvey said the broker is targeting smaller business that does not traditionally reach London and exploring ways to aggregate it into portfolios. Technology and AI could make such business increasingly viable to place.

"We're trying to bring business into the London Market which isn't here already as part of our plan," he said. "There are some untapped markets where the London Market could be getting into, and could be using its capacity a little bit more creatively." ●

RISK

Risk is cross-class and cross-capital

Increasingly interconnected risks are changing what clients need from brokers, while opening new opportunities for parametric and ILS capital, according to Augment Risk's growth leader.



"The market needs to stop organising itself around lines of business and start organising around the client's actual risk and capital requirements."

So says Kurt Cripps, Augment Risk's newly appointed group head of growth and broking, who argues that increasingly interconnected risks require brokers to look beyond traditional product boundaries.

It is also, he says, the premise on which Augment was built in 2023, with parametric and insurance-linked securities (ILS) treated as core disciplines rather than additions to a traditional broking model.

"Risk today is cross-class and cross-capital, and clients require a broker built the same way," Cripps told *Monte Carlo Today*. "That's not a slogan for us. It's the operating model."

His comments come shortly after his promotion to the newly created group-wide role, which expands his remit beyond the parametric business he has led since joining Augment in October 2023.

For Cripps, the shift is becoming visible in the way clients approach parametric risk.

"Two or three years ago, most conversations still started with 'does this actually work?' Now clients come in asking how fast we can structure something and how quickly it pays."

From acceptance to scale

The question for parametrics, he argues, has moved from acceptance to execution.

Its reach is widening beyond climate and natural catastrophe into agriculture, supply chain, cyber, space and public-sector resilience. The core attractions remain trigger certainty and speed of payout, but the obstacles to further growth have changed.

"The talking points now are distribution, data quality and client education, because those are the actual bottlenecks to scale," Cripps said.

"Basis risk hasn't disappeared, but the market is far more sophisticated about managing it than it was even 18 months ago."

The next phase could increasingly involve risks where conventional insurance capacity is struggling to keep pace with investment and

KEY POINTS:

- Risk outpaces traditional capacity
- Data centres open a new frontier
- New-economy risk is growing faster

exposure growth.

Data centres are a case in point. Cripps believes the pace of construction is outstripping the ability of traditional property and business interruption markets to absorb the associated risks.

"That gap is the opportunity"

Grid instability, power outages, cooling failures, weather-driven downtime and construction delays can all be measured in near real time, creating scope for parametric structures.

But Cripps argues the bigger opportunity is to use those structures to attract investors that might not otherwise take the exposure.

“New economy risk is growing faster than traditional re/insurance capacity can keep pace with.”

"The real opportunity isn't just writing more of the same risk faster; it's using parametric structures to bring capital into the space that wouldn't otherwise engage with data centre risk via a traditional indemnity form at all."

A new pool of risk for ILS?

Whether data centres can become a meaningful asset class for ILS investors is less certain. "I think it can, but it isn't there yet," Cripps said.

The hurdle is scale and standardisation. Most transactions remain bespoke, which can demonstrate that a structure works but makes it difficult for institutional investors to build diversified portfolios.

What is needed, he said, are "consistent, well-defined triggers and enough portfolio aggregation that investors can underwrite a curve rather than a one-off".

"Standardised data, a track record of clean payouts and enough transaction volume to build confidence. That's the path to scale."

The search for such risks is becoming more pressing as capital in the ILS market looks beyond concentration in natural catastrophe.

Cripps sees digital infrastructure and energy as two of the clearest opportunities, where insurance capacity remains scarce and investors can potentially find risks with attractive diversification characteristics.

"New-economy risk – data centres, energy transition assets – is growing faster than traditional insurance and reinsurance capacity can keep pace with," he said. That imbalance is attracting capital willing to take on complexity that much of the conventional market is not yet equipped to underwrite.

Building the bridge

Capital looking for diversification and clients looking for capacity do not, however, automatically create a market.

Cripps says structuring is what connects them. "Investors and cedants can both want a trade and still not get there without someone translating the risk into a form each side can underwrite – defined triggers, quantifiable data, the right layering and tranching."

That becomes more important as investors venture into risks with less established structures and loss histories, where parametric solutions can at least provide some certainty..

"That translation function is what structuring does, and it's exactly why brokers who can move fluently between the insurance side and the capital markets side matter more now than they used to," he said.

"Without that structuring layer, capital and risk simply don't meet, even when the appetite is there on both sides." ●

Kurt Cripps is the group head of growth and broking at Augment Risk. He can be contacted at: kurt.Cripps@augmentrisk.com

The holy grail of profitable growth

Growth in a soft market is always a dilemma for reinsurers – especially when it comes to delivering profitable growth. That was the focus of a debate three senior executives participated in at an *Intelligent Insurer* inner circle business briefing in Monte Carlo.

KEY POINTS:

- Brokers now strategic advisers
- Personal relationships still key
- Investments should be strategic

In a market either softening or transitioning, depending on which broker you ask, the smartest carriers will be exploring expansion into specialty lines, which can be more insulated from these wider trends, while investing in talent capable of better using data, new technologies and especially AI.

Those were some of the themes discussed in an Inner Circle round table, hosted by *Intelligent Insurer* in Monte Carlo yesterday (Sunday September 6). The session, titled ‘Growth in a soft market: Where do you say yes – and where do you walk away’ was attended by Vincent Foucart, managing director of Miller’s reinsurance practice; Kurt Cripps, head of growth and broking, Augment Risk and Paul Campbell, global growth officer for Aon’s strategy and technology group. It was moderated by Aditi Mathur, editor of *Intelligent Insurer*.

Cripps felt there was a risk the market could become very soft – such is the abundance of capital willing to invest in the space. He said the biggest indicator of this will be changes in terms and conditions, especially retentions, which could start to lower again – or reinsurers could resume offering aggregate covers.

“That will be good for insurers but less comfortable for reinsurers,” he said. “It will come down to their underwriting appetite decision and the pressure they may feel to grow. With so much capital coming in still, all the component parts are there for a very soft market. Unless we have a \$100 billion hurricane loss, that is – then all bets are off.”

Against this background, he believes the best opportunities to grow will come through offering innovative products and targeting

specialty lines. “Consider what risks really affect clients’ profitability. What risks keep CEOs awake at night? Carriers that combine that with product innovation will do well. Specialty and specialising will be a good strategy.”

Invest wisely

Foucart, who spent almost two decades in reinsurers including SCOR before moving to Miller, agreed that specialty lines remain attractive and offer profitable growth opportunities for carriers. He said it was important to find the right structures for programmes that work equally well for reinsurers and cedants. In this regard, he also agreed finding the right retention levels was important.

He agreed the market was softening, but said it was more nuanced and depended on

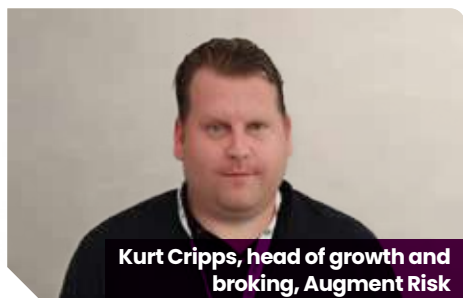
the line of business. He also stressed just how much the nature of risk is changing. “Everyone is trying to cope with what is an expanding risk universe – from climate change to technology risk to cyber to AI, the landscape is more complex and changing. Reinsurers remain relevant but there is certainly less leeway to reduce rates.”

Campbell made the point that property/casualty insurers have had some very good years.

Aon’s third annual analysis of 120 global property/casualty insurers, published in August, found that return on average equity (RoAE) reached 16.8% in 2025 – the highest level observed since Aon began tracking the cohort in 2009. The result marked the fifth consecutive year of RoAE improvement since the 2020 downturn, and was supported by stronger underwriting income, favourable



IN ATTENDANCE



Kurt Cripps, head of growth and broking, Augment Risk



Paul Campbell, global growth officer, strategy and technology group, Aon



Vincent Foucart, managing director, reinsurance, Miller

market conditions and a relatively benign catastrophe year.

The question for insurers now, he said, was how they convert recent profitability gains into long-term competitive advantage. They will have tough strategic choices to make, he said. He advocated investing in



areas that would set carriers apart. “Long-term performance will increasingly depend on differentiation,” he said. “The trick is being forensic on how to differentiate and where you want to play. Specialty insurance has outperformed – we expect carriers in that space to find profitable growth.”

He also flagged five key areas for insurers to avoid as they seeking to sustain profitable growth: Don’t confuse strong returns with sustainable growth; don’t defer difficult choices on where to grow; don’t miss the opportunity to make capital a strategic asset; don’t delay investments in people and technology; and don’t let AI become someone else’s advantage.

Investor demands

The three brokers also discussed the different types of investors moving into the market – and how their demands and expectations may vary. They discussed how MGAs will want long-term capital, balance sheet carriers will be preoccupied by their book value, alternative capital often like insurance because of the diversity it offers – while private equity will always eye an exit plan. “Different investors have different goals – that will determine how the balance growth versus profitability,” Cripps noted

Campbell agreed that where capital providers are seeking growth that can create a healthy tension. He noted that some of the biggest players may have the luxury of being able to scale back growth in a softer market. Equally, smaller players may still grow within their niche. But there many carriers in between those two poles, he said. “Getting the right balance between growth and profitability is not easy – but you tend to find it’s the players that stay relevant through the whole market cycle that outperform long term.”

Campbell added that managing shareholder expectations is an art. “The top CEOs do that really well. But business models are changing – that is the discussion. Companies are considering how they

maintain a competitive advantage over time. They need to consider the fundamentals on how they match capital to risk and but also things like AI, which might create the opportunity to write more risk and drive efficiencies through value chain.”

The three executives also discussed the importance of talent to the industry – specifically against a changing risk landscape that is ever-more influenced by data, technology and AI. With an ageing workforce across insurance rapidly heading towards retirement, the three agreed that companies that invest in finding the right talent in the next few years, will be more likely to succeed.

Cripps said he is now getting graduates approaching the firm because they want to work in parametric insurance. “That is great for us; the importance of data analytics will grow – the industry will need data scientists. We have to attract those types of people to the industry. It is a great industry with so much opportunity but there is also a lot of competition for that talent.”

Foucart agreed that finding the right people was important. “You need to right expertise that allows you to be relevant to the clients,” he said. “The clever way to deploy capital is by finding the new developments beyond clients’ core allocation. But you need the right expertise to do that.”

On this note, Campbell described the rapid rise of so-called ‘smart follow’ in insurance whereby an algorithm allows brokers to receive immediate confirmation of secondary (follow) capacity to back lead terms without manual processing.

“Algorithm underwriting – smart follow – is maybe 1% of the London Market at this stage but we expect it to accelerate quickly. That creates decisions for carriers on how they manage business models and people and workforce. Against this backdrop, the industry will need more smart people with different skillsets and backgrounds, such as data scientists. But that is a competitive market.” ●



MARKET

Market will bifurcate on leadership

The insurance market might be awash with capital and racing to harness new technology, but neither will determine its winners, according to Vicky Carter. The differentiator will be more fundamental – the quality of the people running the business.

Carter, chairman of global capital and advisory at Marsh Re and deputy chair of Lloyd's, sees plenty of new capital entering insurance. But unlike earlier phases of the market, she says investors are increasingly discriminating about where they put it.

"We're seeing a lot of capital come in, a lot of new capital come in, but I think they're far more selective where they go," Carter told *Monte Carlo Today*.

Investors want uncorrelated business and proven performance, she said, but above all they are scrutinising leadership. "They want strong management teams. I think that's extremely important as an investor. You want to make sure you've got the best management team out front because that's going to drive that business.

"Is it a management team that's got experience? Is it a management team that can attract the best talent? And you want to see again a really strong track record." The days of "naive capital", she added, are gone.

Growth needs judgment

That selectivity matters as the industry confronts a potentially defining period of technological and risk transformation. AI and digitalisation are moving rapidly, while data centres, cyber and evolving casualty exposures are creating opportunities for insurers and new sources of demand for capital. Yet Carter's argument is that technology does not diminish the importance of management. It raises the stakes. She expects the market to "bifurcate", producing some significant winners and potentially losers.

What will separate them? "People who can manage people," Carter said.

Growth itself needs careful management, particularly when investors are looking for returns and businesses are under pressure to expand. "You've got to be very careful with growth. What I worry about is will people jump into areas of business that they don't really understand, and will that cause some problems in the future?"

Those with genuine expertise should be able to navigate that expansion, she

KEY POINTS:

- No more 'naive capital'
- Strong management will define winners
- Lloyd's is raising its entry bar



“Businesses coming to Lloyd's have got to be accretive to the market.”

said. The danger comes when businesses enter unfamiliar territory because they feel compelled to grow by their capital providers.

That warning is particularly relevant as entirely new pools of exposure emerge. Data centres are a prime example. Much of the insurance opportunity currently sits around construction, but Carter expects the exposure to broaden into property, liability and business interruption as facilities become operational. Their enormous energy requirements will create further questions around how the industry provides sufficient capacity.

Five years ago, she noted, data centres would barely have featured in many market conversations. Today they are near the top of the agenda. "How do we keep pace and how do we keep creating new products?" she said.

“[It's a] massive opportunity for this industry to come in and develop products of the future.”

Carter sees potential for parametric solutions and new sources of capital to play a role. She also expects alternative investors to become more inquisitive about areas such as casualty, while cyber continues to evolve at extraordinary speed. "These things are terrifying in many respects, but also open up massive opportunity for this industry to come in and develop products of the future."

Capital creates choices

Abundant reinsurance capital is meanwhile giving buyers greater freedom over how they structure protection.

Carter is less interested in whether headline rates are rising or falling than whether they remain adequate. "The focus should be on rate adequacy," she said. "Whatever you're talking about shouldn't be rates, increasing, decreasing, whatever. It should be rate adequacy always."

More capacity can then be viewed as an opportunity rather than simply a source of pricing pressure. Buyers can consider deeper protection, additional vertical limits, aggregate cover and combinations of traditional and alternative structures.

Carter expects companies to maintain fewer but deeper relationships as management teams seek help navigating questions spanning capital, growth, cyber, reserving and corporate strategy.

Lloyd's raises the entry bar

The same emphasis on quality is visible at Lloyd's. Carter said businesses remain attracted by Lloyd's rating, global licences and capital leverage, but gaining entry is becoming more stringent.

Simply bringing another portfolio that competes for business already written in the market will not be sufficient. "Businesses coming to Lloyd's have got to be accretive to the market," she said.

They need profitable track records and the ability to scale sufficiently to absorb the costs of operating at Lloyd's. Those unable to justify a standalone syndicate can consider routes such as becoming a coverholder or using an SPA.

Ultimately, Carter returns to the same ingredients investors demand elsewhere, which is "valuable business", an accretive proposition, a demonstrable track record and "a strong management team". ●

STRATEGY

Peak Re backs its growth strategy

Philip Hough says Peak Re is looking for growth in selected overseas markets, but Asia will remain its core.



Peak Re's new leadership has unveiled more detail of its growth strategy, which targets a doubling of premium and profit over the next five to seven years. It is eyeing growth in property/casualty and specialty lines as well as expanding its geographical footprint – while keeping Asia at the centre of the business.

"Asia will remain our core," Philip Hough, chief underwriting officer at Peak Re, told *Monte Carlo Today*. "It's our home region. We have a very strong standing, with strong client relationships – we want to remain true to that identity. That gives us a distinctive perspective. Many global reinsurers look to Asia to diversify established US or European portfolios, but we are building internationally from a strong Asian base."

Hough joined the Hong Kong-based reinsurer in April, shortly before Victor Kuk became chief executive. The company refers to the strategy internally as "2X Plus", reflecting its ambition to substantially increase premium and profit over the medium term. The "Plus" encompasses the products, expertise, markets and distribution capabilities needed to make that growth sustainable across the cycle.

"We're exploring growth opportunities in property/casualty as well as in specialty, fac and structured solutions," Hough said. "However, we don't aim for growth for growth's sake. Rather, our strategy builds on existing strengths and will be implemented in phases over a time horizon of five to seven years. We want to build the capabilities and market position to grow sustainably through the cycle, while being ready to capture the growth opportunities when market conditions become more attractive."

Growing from Asia

Hough expects China and India to provide organic growth, alongside opportunities across Southeast Asia and other selected Asian markets. Protection gaps across catastrophe and other lines leave room to expand its product offering and coverage with existing clients.

Beyond Asia, the company is looking at opportunities in North America and Latin America. Its North American portfolio is weighted towards casualty; it wants to add property and specialty business to existing

KEY POINTS:

- Aim to double premium, profit
- Asia still central to growth
- Selective and phased Specialty expansion

relationships. Potential areas for product expansion include facultative reinsurance, as well as accident and health, agriculture, credit and surety, and mortgage business. Energy, engineering and other technical lines form part of its medium-term ambition – but it will invest in the right talent first.

"Areas that need expertise and know-how are also lines of business where you can play a more active role in setting pricing and terms and conditions," he said. "Property catastrophe remains a core technical class, but programme structures and market-clearing terms can leave less room for individual differentiation on certain placements."

“We’re exploring growth opportunities on property/casualty as well as specialty, but very much in a controlled way.”

The reinsurer plans to assess risks across its portfolio rather than manage each class in isolation. A changing risk landscape means connections between exposures are becoming harder to judge from historical losses alone.

That challenge is particularly pronounced in Asia. Hough noted that an "AI boom" has increased high-tech exposures involving data centres and semiconductor risks. This has reshaped the region's risk landscape and reinsurers have less historical experience on which to base their underwriting decisions.

"Emerging risks are such that we don't have the luxury of years and years of statistical experience," he said. "This is where underwriting judgment becomes particularly important. To

make informed decisions, we need to introduce quite a lot of forward-looking analytical work, scenario testing and a clear understanding of how risks may evolve over time."

Risks in real time

Peak Re wants to give underwriters a more timely and integrated view of the risks driving portfolio volatility. It is refining its view of catastrophe risk and examining how non-catastrophe exposures could accumulate across the portfolio. Hough said that underwriters need "a very clear view on what technical pricing adequacy looks like" with business assessed against Peak Re's return requirements, capital consumption, diversification benefits and overall portfolio fit.

This is especially important in the current market, which is broadly softening. Property reinsurance rates, particularly for catastrophe business, have softened during 2026. While relatively low catastrophe losses helped reinsurers maintain strong results, Hough acknowledged that falling rates are putting pressure on margins.

The next test will be whether that pressure on rates extends to terms and conditions. "Whilst we've seen pressure on property rates, and cat rates in particular, there's been continued discipline around attachment points and exposure to frequency and attritional-type losses," he said. "We still see good reason and evidence that underwriting discipline is holding firm."

Higher attachment points established when the market hardened have left cedants retaining a higher share of the risk. "We don't really hear about secondary perils any more, because many of these exposures are now viewed as material drivers of loss in their own right," Hough said. "More robust reinsurance structures and higher attachment points provide an additional layer of protection, while helping reinsurers manage exposure to non-modelled and emerging risks more effectively." ●

Philip Hough is the chief underwriting officer at Peak Re. He can be contacted at: philip.hough@peak-re.com

WILDFIRE

Orbital eyes 2028 satellite launch

Orbital Sentry, the nascent climate-disaster mapping platform, plans to launch its first satellite in the first quarter of 2028.

Its debut satellite will be focused on eight western US states, including California.

Future countries that could have satellites placed over them include Spain, France and Canada.

Last month, Orbital announced that it had closed a pre-seed funding round led by US venture capitalist Ridgeline. That funding round closed \$2 million in startup funding, Orbital board member Bill Keogh told *Monte Carlo Today*.

The difference between Orbital and other satellite mapping systems is that it will place geosynchronous satellites over wildfire hotspots designed to provide continuous infrared imaging.

Geosynchronous satellites stay in place, as opposed to conventional satellites which orbit the planet, with delays of anything between 90 minutes and up to a whole day before they can capture data again.

"If you are thinking about understanding wildfire risk, the challenge is observation," said Keogh. "There are a number of ways to observe wildfires but none of them are real time and continuous. It's easy to see what happened after the fact. Understanding while it happens is very hard to do."

Prospective customers include re/

KEY POINTS:

- Raises \$2m in pre-seed funding
- First satellite in western US states
- Spain, France, Canada could be next



“This is going to be foundational data that informs the way that AI works.”

insurers, utility companies, governments, first responders (who will be offered the data for free) and catastrophe modelling companies, as Orbital would be feeding them raw data.

Utilities companies in particular should be very interested in continuous wildfire mapping, as they bear the brunt of liability.

For example, Southern California Edison (SCE), the primary electric utility for the Greater Los Angeles area, has faced hundreds of millions of dollars in fines, penalties and legal settlements over major fires in and around Los Angeles County.

Keogh said: "Utility companies have been on the hook for tens of billions of dollars. There's a lot at stake. If they have a much more granular and real-time understanding of where wildfire is spreading, it can help them understand where they should be shutting off electricity to make sure they don't have additional problems."

Keogh is an old hand on the cat risk modelling scene.

He began his career as an underwriter at AIG working in Eastern Europe and then moved on to Swiss Re and what became Axa Re. He then became fascinated by the world of risk modelling and joined a nascent RMS (which became part of Moody's) before running part of what is now called Cotality.

Keogh sees a clear use case for Orbital's data when it comes to artificial intelligence. AI needs data to ingest, he says. Orbital will be generating proprietary data that can feed into other people's AIs, said Keogh, and not just wildfire risk but floods and hurricanes too.

Keogh said: "This is going to be foundational data that informs the way that AI works and makes it much more useful." ●

DATA CENTRES

S&P Global Ratings foresees \$10bn hyperscaler opportunity

The rapid build-out of hyperscale data centres could generate an estimated \$10 billion of additional premium for the insurance industry, but the sheer concentration of value within individual sites is already testing the limits of traditional re/insurance capacity, according to S&P Global Ratings.

Speaking at the Rendez-Vous de Septembre in Monte Carlo, Johannes Bender, director and lead analyst for insurance ratings, said: "It's such an enormous increase in exposure that is coming from these developments that we initially estimated that, with the existing line limits, that could be an additional \$10 billion of premium just coming from these hyperscalers' exposures."

That figure does not include potential increases in line sizes, but the values concentrated within individual facilities present a significant obstacle to expanding capacity.

"Values can get up to \$30 billion for just the property alone, and that goes beyond the current line limits, so it's actually not insurable at this stage," Bender said. "The accumulation risk is really big in these data centres, so that's really the big challenge in that context."

Capital beyond traditional reinsurance

Addressing how the industry could respond, S&P suggested additional sources of capital may ultimately be needed to narrow the gap.

Maren Josefs, S&P's ILS specialist, said insurance-linked securities could have a role in supporting the large line sizes required, although solutions remain at an early stage.

"ILS can play a role in those kinds of big project line sizes; they normally work very well in supplement with traditional insurance. They are at a very early stage and the market is looking for solutions." She said. "But, ILS has the same problem as the traditional side in terms of exposure concentration and just understanding the risks properly."

Bender also pointed to the potential involvement of other sources of capacity: "The alternative space could come in, governments could come in as well." ●

CYCLE

Reinsurers risk misreading cycle

Benign catastrophe losses are fuelling reinsurance softening, but Arundo Re warns the market might be overlooking inflation and longer-tail risks.



Reinsurers risk misreading the market cycle if benign catastrophe losses are allowed to drive broader rate cuts before the longer-term effects of inflation are understood, according to Arundo Re chief executive Bertrand Labilloy.

“The trend in the reinsurance market is still driven by the natural catastrophe experience, with the first half of 2026 following 2025 on the same path – that is to say, very low natural catastrophe losses fuelling the softening market,” Labilloy told *Monte Carlo Today*.

But he cautioned that using recent short-tail experience as a guide to wider pricing could leave reinsurers exposed to deterioration elsewhere (in particular because this experience is very volatile as we could see during this summer).

“The critical point for reinsurers is to be as strong as possible at the end of the softening market.”

“We should all take care over a potential future surge in inflation that could be stirred by the crisis in the Strait of Hormuz,” he said. “The impact of a surge in inflation on long-term business lines is still badly considered, or not considered at all.”

For Labilloy, that points to a wider question about whether the market is correctly judging where it stands in the cycle.

“Once again, the market might be misreading the market equilibrium by looking through the lens of short-term risks, while we should look at long-term ones,” he said.

Is the cycle turning too soon?

Inflation is one reason Labilloy questions the renewed softening. The relatively short duration of the recent hard phase is another.

KEY POINTS:

- Benign cat losses drive softening
- Long-tail inflation may be underpriced
- Arundo prioritises established cedants

He noted that the market had experienced around eight years of softer conditions before the hard market of 2023 and 2024, raising the question of whether the subsequent “recharging phase” has lasted long enough.

“As long as there is symmetry between the recharging phase – hard market – and the drawing phase – soft market – it’s OK,” he said. “When there is an imbalance, there may be a problem, either to the detriment of clients or capital providers.”

That concern is also shaping how Arundo intends to deploy capacity as competition increases. As a mid-sized reinsurer, Arundo does not seek to compete head-on with the largest global players. Instead, Labilloy sees an opportunity to provide an alternative source of capacity for cedants that value diversity on their panels and longer-term relationships.

“Our aim is not to outperform the global giants,” he said. “Our aim is to offer a buy-side alternative to cedants that don’t want to trade with only a small club of participants, and also to cedants that give value to the long-term relationship approach.”

Labilloy described the opportunity using a French expression: “*Entre les pattes du mammoth, il y a toujours de l’herbe à brouter*” – between the mammoth’s paws, there is always grass to graze.

Loyalty shapes capacity

That relationship philosophy will have practical consequences as buyers seek better terms. “We are not prepared to respond positively to softening requests from cedants that are purely opportunistic in their buying approach,” Labilloy said. “We will always allocate our capacity in priority to our long-standing partners.”

Arundo’s ability to take that approach is supported by its ownership. The reinsurer is wholly owned by French mutual insurance groups SMABTP and MACSF, neither of which is listed. Labilloy said that structure allows it to take a longer-term view of financial strength and growth as market conditions deteriorate.

“The critical point for reinsurers is to be as strong as possible at the end of the softening market, in order to benefit from the next market turning point,” he said.

Positioning for the turn

How far Arundo expands will depend on both its shareholders’ risk appetite and the market cycle. As its 2022-2027 roadmap enters its final phase, the reinsurer plans to deepen existing

“We are not prepared to respond positively to softening requests from cedants that are purely opportunistic.”

relationships and further diversify its portfolio to reduce volatility in premium and earnings.

It will open a branch in India’s GIFT City and is considering expanding its property or property catastrophe business in the US, but not casualty.

Geography, however, is not the primary driver of its growth strategy. “The greatest opportunity for profitable growth for us over the long term is to work with cedants across the board and across various markets, and with cedants that are not unreasonable in their price and condition expectations,” Labilloy said. ●

Bertrand Labilloy is the chief executive officer of Arundo Re. He can be contacted at: blabilloy@arundore.com

SPECIALTY

Canopus eyes specialty reinsurance

Canopus is targeting further selective growth in reinsurance, with specialty classes in London among the areas where it sees the greatest opportunities.

Rachel Webber joined Canopus in the newly created role of head of reinsurance UK in February this year, as the carrier looks to build out its London reinsurance offering. It also has reinsurance operations out of Bermuda and APAC, with its latest annual report pegging global year-end 2025 reinsurance premium at \$905 million – around \$260 million out of Bermuda.

The wider group wrote \$4.48 billion of premium in 2025 and reported a third consecutive year of record profit. Founded in 2003, Canopus operates across the UK, US, Bermuda and Asia-Pacific, including through Lloyd's Syndicate 4444.

Webber signalled to *Monte Carlo Today* on Sunday a positive direction of growth ahead of 2026's year-end report should conditions remain similar to what's been seen year to date, but noted it remained too early in the year to give any concrete figures with Atlantic Hurricane Season just beginning.

But the group has doubled the size of its reinsurance portfolio in the past three years, and Webber said the creation of her role reflected Canopus' ambitions for strengthening its reinsurance offering and giving greater focus to the London platform. Her appointment followed Canopus' expansion into aviation treaty and the build-out of its casualty treaty business in London.

"We want to continue to build the London piece of reinsurance," she said. "Clients don't buy reinsurance because of how we're organised. They buy reinsurance because they want to have their needs serviced. They want to have multiple products."

Canopus writes property, marine, energy, terrorism, casualty and aviation reinsurance from London, with around 70-80% of the book relating to US business. Its London reinsurance portfolio is predominantly excess-of-loss treaty business.

Looking ahead, Webber identified marine, energy, terrorism and aviation as particular areas of opportunity for the London operation. "We've had unprecedented losses with the Baltimore Bridge deterioration and geopolitical conflict. That environment creates uncertainty, which for us is an opportunity," she said.

KEY POINTS:

- Reinsurance book doubles in three years
- Specialty classes targeted for growth
- Excess capacity will pressure rates



“It’s going to be more competitive. It’s going to be more difficult. But it’s not insurmountable. We have good teams and a good product offering.”

"We're not shying away from risk. We're really looking to lean into it because we have the right people who understand the risk, are able to price the risk, are able to sell a product and structure a product for our clients."

People investment

As well as the new role filled by Webber, Canopus has further bolstered the London reinsurance division, with Ben Pinnington last year joining as head of marine, energy and terrorism, and Vicky Baxter stepping into

“We’re not shying away from risk. We’re really looking to lean into it.”

a leadership role for property reinsurance at the beginning of this year following an internal promotion. Baxter was appointed head of property treaty in January, with a remit spanning the London portfolio and coordination with Bermuda and APAC. Sam Maynard also joined the group's US property team on Monday.

"A lot of it is about the people behind the business," Webber said. "I think reinsurance still remains a people business."

Canopus has also made leadership appointments in claims servicing, both in London and globally, which Webber also highlighted as key. "That claims product is so important," she said. "I'm not saying we didn't have mobility before, but now we can we can really service our clients and push that forward."

Challenging market

However, while investment has been made in strengthening the Canopus London reinsurance book, she specified that growth would remain disciplined. "We won't pursue growth at any cost. It's measured growth," she said.

Webber expects rate conditions to become more challenging heading into the 1/1 renewals, with available reinsurance capacity exceeding demand. "There's no denying the supply of capacity outstrips the demand for reinsurance," she said. "Logically, the direction of travel is rates are off. It's going to be more competitive. It's going to be more difficult. But it's not insurmountable. We have good teams and a good product offering."

Webber said that part of her role was to initially provide the leadership to "make sure that the teams are as robust as possible to go through what's going to be a more challenging marketplace", particularly as competition intensifies into renewals.

There are no major line additions or other changes planned this year, but Webber suggested plans were being worked on for what could form part of the next stage of growth, dependent on how the market progresses.

"The next phase is saying where do we put the additional builds in? How do we take it to the next level and launch it forward?" she said, adding that the group would reassess the state of the market at 1/1. ●

CATASTROPHE

Brace for a \$300bn+ loss year

Wildfire is the fastest growing peril, but peak losses are driven by tropical cyclones and earthquakes, says Swiss Re's head of catastrophe perils.



The industry should prepare for global insured natural catastrophe losses exceeding \$300 billion in a peak year when tropical cyclones or an earthquake strike areas with high insurance exposure, similar to what happened in 2004/2005, 2011 and 2017, according to Balz Grollimund, head catastrophe perils at Swiss Re.

He explains that an average loss year given 2026 exposure is expected at \$148 billion of insured losses – with a high percentage generated by secondary perils. When peak peril events occur in addition, the figures will be much higher than anything the industry has seen.

“What sets the peak perils apart is that they can generate the peak-loss years, during which we see losses of \$300 billion or more. We still believe really large systemic loss years will be driven by tropical cyclones and earthquakes,” he told *Monte Carlo Today*.

Swiss Re Institute estimates global insured natural catastrophe losses follow a long-term real growth trend of 5-7% a year. On that trend, insured losses are expected to reach \$148 billion in 2026. “The long-term loss trend is clear and persistent, driven largely by the growing value of insured exposures,” he said.

He believes the industry has had some luck in recent years. “It is the luck of the draw; last year and also in 2026 we seem to be on the lucky side of things. But that does not reflect the underlying risk landscape. The most important thing is we understand and cost the underlying risk we are assuming as insurers and reinsurers. That must be rooted in the risk trends we see.” Swiss Re models a peak-loss scenario of \$320 billion.

The wildfire threat

Swiss Re's 2026 Sigma report identifies wildfire as the fastest-growing peril globally, at about 12% annually, with North American insured wildfire losses growing by more than 14% a year. In Europe, insured wildfire losses are also rising quickly, although severe convective storms remain the region's main insured-loss growth driver.

KEY POINTS:

- \$300bn+ peak-loss year inevitable
- Wildfire risk growing peril
- Collaboration necessary to tackle risks

Grollimund notes that the absolute risk level, at least in Europe, is still lower than for other perils, but it is also clear it is increasing. Equally, many countries not traditionally prone to wildfires, such as France, the UK and Belgium, have had them – another sign that wildfire is becoming a relevant peril across Europe, not just in Southern Europe.

He stresses that the industry is doing much to better understand this risk – but cooperation is also needed. “Naturally, the industry's efforts

“What sets the peak perils apart is they can generate the peak-loss years, where we see losses of \$300 billion or more. We still believe really large systemic loss years will be driven by tropical cyclones and earthquakes.”

to assess the risk have to keep pace, and are keeping pace, so we can remain ahead of the curve,” he said. “But for it to be insurable, the risk must be kept at a manageable level where insurance makes sense.

Strict implementation of fire-precautionary measures will remain important, as will continuously improving the capability and speed of wildfire response. And ultimately, insurance also needs to be able to charge risk-appropriate premiums. That is one of the basic preconditions for insurance to remain available.”

Stepping up

Since the reinsurance market corrected a few years ago, with rates hardening sharply and terms and conditions tightening, a greater portion of secondary losses have been borne by insurers. Higher retentions and a lack of aggregate coverage partly moved the burden of losses. But Grollimund stresses that reinsurers still take their fair share.

He notes that the Los Angeles wildfires last year generated about \$40 billion of insured losses. Roughly one third was covered by reinsurance. The Bernd floods in Germany in 2021 were again a major insured loss, with reinsurance covering roughly three quarters of the German insured loss, he noted.

“When floods, hail events and wildfires become very large individual losses, the reinsurance industry is already taking a significant share. That is where reinsurance plays its role: covering large and peak losses too big for individual insurers or insurance markets to manage on their own,” he stressed.

But, as is the case with wildfire risk, he also noted that wider collaboration is needed to better understand and mitigate all perils. “It starts with recognising that the insurance industry cannot do it alone. It requires collaboration between property owners, public entities and the insurance industry.

“It is also important that those stakeholders have a common view of the risk. Whatever measures you take, there needs to be a shared understanding of the risk level and therefore of the right measures.

“Those measures may differ by region and by situation. The next step is to continue reducing risk and adapting to it, so it remains manageable. Whatever part cannot be reduced is where the insurance industry continues to play its role and take that part of the risk.” ●

Balz Grollimund is the head catastrophe perils at Swiss Re. He can be contacted at: balz_grollimund@swissre.com

REINSURANCE

Top 30 buyers: the movers and stayers

Europe's 30 largest non-life reinsurance buyers have almost doubled the amount of premium they cede to reinsurers over the past decade, but behind that growth sits a remarkably stable group of dominant buyers – and a far more fluid market below.

Between 2016 and 2025, the 30 largest non-life reinsurance buyers under Solvency II and Solvency UK increased the premium they ceded to reinsurers from €46.2 billion to €85.6 billion, a rise of 85%, according to analysis by Solvency II Wire Data.

Yet the Top 30 behaves like two different tables stacked on top of each other.

At the top, the ranking is close to frozen. Across the entire decade, only five groups have held a place in the top five: Lloyd's, Allianz, AXA, HDI and Mapfre.

Lloyd's and Allianz have traded first and second place, with one or the other leading in every year of the decade and no third group ever coming between them.

AXA has been third in nine of the ten years, while HDI was fifth in the first four years and fourth in the last six.

No group ranked in the top five has moved more than a single place from one year to the next while remaining in the table. Average movement among those leading buyers has been just over a quarter of a place a year.

A different picture below

Further down the ranking, however, the picture changes dramatically.

Fifty-three distinct groups passed through the Top 30 over the decade, once renamed

and merged entities are collapsed into single identities. Thirteen were present in all ten, while eight appeared only once.

Between three and six groups were replaced each year, with 38 changes across the nine year-on-year transitions. Only 18 of the 53 groups appear in both the 2016 and 2025 rankings.

Movement also increases steadily further down the table. Five groups occupied ranks one to five during the decade, compared with nine across positions six to 10, 31 across ranks 11 to 20 and 34 across positions 21 to 30.

Some individual movements have been substantial.

Among the 18 groups present at both ends of the decade, QBE's European operations recorded the largest sustained climb, moving from 28th to 13th. SCOR and Klesia both climbed nine places.

RSA Insurance Group moved in the opposite direction, falling from eighth to 30th, while AG2R La Mondiale declined from 15th to 29th.

Leaving the ranking does not necessarily mean a company has withdrawn from the reinsurance market. Thirteen groups left the Top 30 and subsequently returned during the decade.

Klesia provides perhaps the clearest example: it ranked 23rd in 2016, dropped outside the Top 30 for the following three years, then returned at 14th in 2020 and has held a place in every year since.

More money, spread more widely

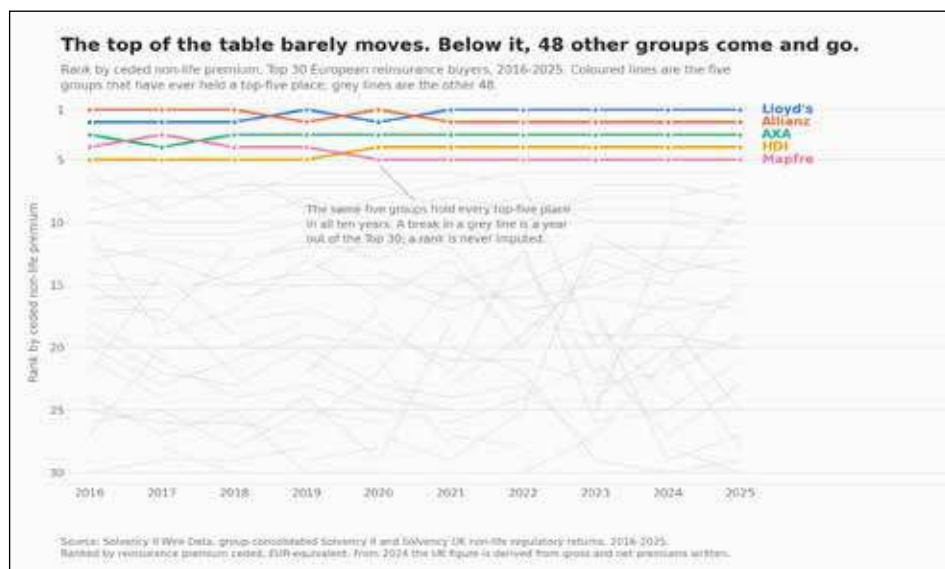
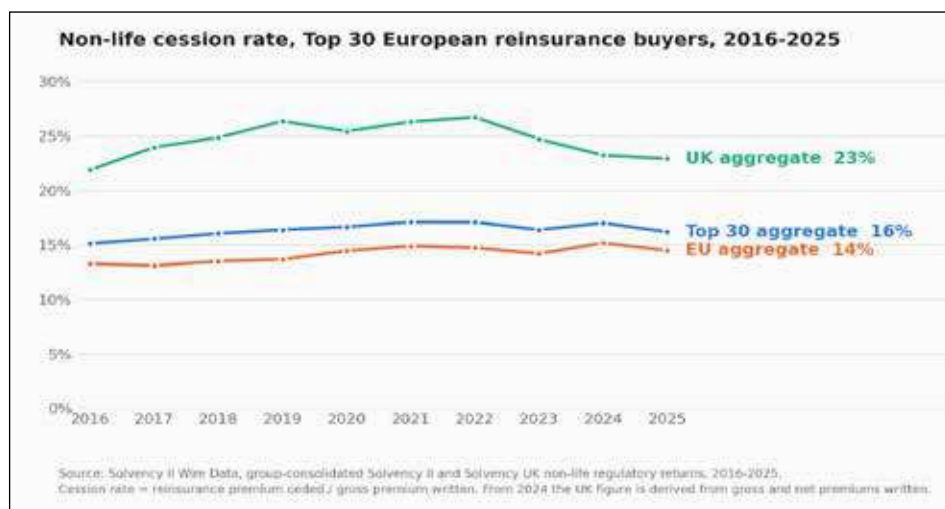
The amount of premium ceded by the Top 30 rose 85% over the decade, but that spending also became less concentrated.

The share accounted for by the single largest buyer fell from 24% in 2016, when Allianz held the top position, to 19% for Lloyd's in 2025.

The result is a European reinsurance-buying landscape characterised by a small and remarkably consistent group of very large programmes at the top, sitting above a much longer and more changeable group of buyers.

From 2024 UK insurers report under the Solvency UK templates, which no longer state reinsurance premiums ceded directly; the UK figure is derived from gross and net premiums written and checks against the firms' own published reports show no material change in the figures. ●

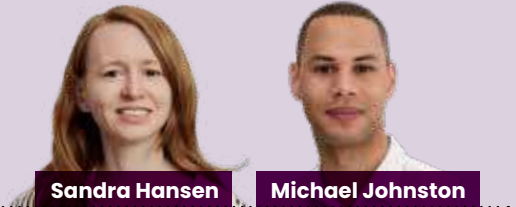
Source: Solvency II Wire Data, group-consolidated Solvency II and Solvency UK non-life regulatory returns, 2016-2025.



SPECIALTY

Charting resilience for wildfires

Physical damage tells only part of the wildfire story as business interruption, supply chain disruption and Europe's protection gap put greater emphasis on resilience and risk financing.



By Sandra Hansen, head of International Peril Advisory, and Michael Johnston, vice president, International Peril Advisory, Marsh Re

Wildfires have become an increasingly prevalent peril worldwide. Summer 2026 has been exceptionally hot and dry in Europe, following a wet winter in the United Kingdom, France and Spain, promoting wildfire weather conditions.

While it is still too early to estimate the overall insured loss with confidence for the wildfires in Spain and France, both countries saw significant burn areas (in July, more than 900 square kilometers in Spain; more than 500 square kilometers in France, far exceeding the record for previous years since 2006). However, burnt area does not always translate to insured losses.

It will take time to understand the full extent of both the physical damage and the broader business impacts. What is already clear is that wildfire losses extend well beyond property damage. Evacuations, operational disruption, site closures, and supply-chain impacts have been commonplace – all of which carry significant financial consequences.

One of the growing challenges is non-damage business interruption – situations where a business cannot operate because of a nearby wildfire, smoke damage, or a government evacuation order, even though its own premises were not physically damaged.

In Greece, for example, some of the most significant corporate wildfire losses in recent years have affected hotels and smaller businesses, while industrial property has been less exposed because many facilities are in dedicated industrial zones. Many traditional policies either exclude non-damage business interruption or offer only limited coverage, so businesses are increasingly seeking specialised endorsements. This creates an opportunity for a strategic shift in risk management, i.e. companies that invest in resilience – such

KEY POINTS:

- Non-damage BI exposure is growing
- Europe faces a sizeable protection gap
- New risk-financing options emerge

as redundant suppliers, stronger continuity planning, fire-resistant construction, and vegetation management – may be able to negotiate more favorable insurance terms than competitors with similar physical exposures but weaker contingency planning.

Beyond physical damage

The wider picture also highlights Europe's wildfire protection gap. Spain's 2025 wildfire season generated close to €5 billion in economic losses, but well under €1 billion was insured. This highlights the growing gap between economic and insured losses and reinforces the need for organisations

“Wildfire is becoming an enterprise risk issue that extends well beyond the insurance market.”

to combine effective risk transfer with investments in resilience, adaptation and business continuity.

The evidence suggests wildfire risk is evolving rather than representing a one-off event. Longer fire seasons, prolonged summertime drought, and expanding development at the wildland-urban interface are increasing both the frequency and complexity of wildfire risk.

At the same time, emerging perils, such as wildfire, represent a growing share of catastrophe losses and are becoming a much greater focus for insurers and reinsurers.

As a result, wildfire is becoming an enterprise risk issue that extends well beyond the insurance market.

For businesses, this means shifting the conversation from responding to individual events toward building long-term physical resilience and operational readiness (business continuity, evacuation planning, supplier mapping). In Europe, we may see wildfire risk financing evolve along two tracks in the coming years.

First, insurers, public entities and large corporates may increasingly access capital-markets capacity through insurance-linked securities, including catastrophe bonds, to support peak wildfire aggregates and reduce reliance on constrained reinsurance.

Second, we may anticipate growth in parametric wildfire solutions designed around measurable triggers – such as burned area, fire intensity indices, evacuation orders or air-quality thresholds – to deliver rapid financing for response costs and revenue disruption, particularly where losses occur without direct physical damage.

The objective behind parametrics is not to replace traditional insurance, but to combine strong risk management, insurance, and innovative risk financing into a more resilient overall strategy.

Financing a changing risk

The key enabler is robust risk quantification. While wildfire modeling in Europe is growing rapidly, California is much more mature in terms of effective use of these tools. As modeling continues to improve, alongside more sophisticated multi-peril risk analytics, insurers and investors will be better able to assess accumulation risk and develop innovative risk transfer solutions.

At Marsh Re, we offer our Global GCAT™ Risk Rating that can help quantify location-level wildfire risk, along with Sentrisk, Marsh's AI-powered supply chain risk management platform. Together, these tools power client decision-making at speed. ●

US CASUALTY

Munich Re shrugs off US casualty

Munich Re has gone cool on US casualty and even cooler on casualty sidecars that do not share enough risk with reinsurers.

So said Munich Re board members Thomas Blunck and Stefan Golling, giving the reinsurer's annual Monte Carlo media briefing on September 6.

Golling said: "It's not something where we see big potential for growth ... the bubble for US casualty proportional business has never been in the growth area ... rather, we have reduced exposures."

When it comes to US casualty liability loss development, "profits from the hard market years have been insufficient to cover from the soft market years" said Golling. Loss development still has not flattened and continue to develop adversely, said Golling, who would "not be surprised" by further reserve strengthening in coming years.

Munich Re said that it is also cautious about property sidecars offering a 8-10% return investment return by taking bold risks. "For us that's not a good idea," said Blunck. "We don't have an appetite to operate in that space."

And Munich Re is even more cautious about long-tail casualty sidecars. There are reports of casualty sidecars having commutations after five to seven years, "and I wonder what the discussions will be when they approach those sidecar commutations", Golling wondered mischievously.

KEY POINTS:

- Casualty loss development still not finished
- Expect \$150bn insured losses annually
- Questions frequency cover demand

However, Golling is still keen on wider alternative capital as a concept, even if, with a solvency ratio of more than 300%, Munich Re does not have any pressing need to cede risk.

Aggregate cover

Despite reported demand, Munich Re has not seen demand for frequency reinsurance cover or aggregate covers, Golling said. Not that he rules them out completely.

"The problem is not whether there are frequency covers or aggregate covers in place.

The question is the structure and whether reinsurers, in the end, are remunerated for the risk appropriately," he said.

Nor does Munich Re expect any development in follow-only reinsurance cover, as has been the case with primary insurance.

On whether the reinsurance market has hit the pricing floor, Golling echoed the words of Chairman Mao, who, when asked if the French Revolution had been a success, replied, "it's too early to tell". All Golling would say is that there are some segments where Munich Re is coming closer to the edge, where it might walk away from the business, just as it has with US liability.

Annual nat cat insured losses have exceeded \$100 billion for six consecutive years, driven by non-peak perils. Global insured non-peak peril cat losses hit \$104 billion last year alone. Global losses from wildfires shot up in 2025, approaching \$60 billion in 2025.

Golling said that in the past a \$100 billion insured loss would have been seen as exceptional; insured losses going forward will easily exceed \$150 billion, pointing to a recent Verisk announcement that the industry should brace itself to withstand \$171 billion in insured catastrophe losses on average in a given year.

However, despite its caution, Munich Re kept reiterating the importance of reinsurance as a concept. "Reinsurance across the market is like an immune system for society," said reinsurance group CEO Thomas Blunck. ●



(L-R) Stefan Golling and Thomas Blunck

NEWS

Howden Re launches alternative solutions practice

Howden Re has launched an international alternative solutions practice, combining structured reinsurance, analytics, parametric and capital markets expertise to develop new risk and capital solutions.

Led by Alexander Roth, the practice will work with corporates, insurers, reinsurers, public sector entities and investors across international markets, addressing physical and financial exposures.

As part of the launch, Peter Steiner and Kanika Anand are moving from Howden's Climate Risk and Resilience practice to Howden Re International to establish

a dedicated parametric capability for reinsurance clients.

The practice will support clients across agriculture, energy, infrastructure, natural capital, construction, travel, events and specialty risks. For insurers and reinsurers, this includes portfolio protection, capital relief, earnings stabilisation and alternative retrocession structures, alongside solutions connecting traditional reinsurance, structured solutions and insurance-linked securities capacity.

"Alternative Solutions is about starting with the client's objective rather than a particular product," Roth said. "Whether

that is protecting earnings, improving capital efficiency, addressing an underserved physical risk or finding a different way to access capacity, we can bring together the right combination of risk transfer, structuring, analytics and capital."

Massimo Renia, CEO of Howden Re International, said clients are increasingly seeking solutions beyond traditional risk transfer.

"Parametric is an important part of that proposition," he said, adding that the expanded expertise would help address complex and underserved risks across markets and sectors. ●

ILS

Gallagher's Arthur Re gets traction

As ILS reaches new heights in terms of issuance and innovation, Gallagher Securities is ready for the opportunity, partly through Arthur Re.



The use of insurance-linked securities (ILS) as a risk management tool is booming by almost any measurement – including the number of new sponsors and the innovation taking place. But that makes the role of the broker even more important in ensuring clients are making the best decisions on which solutions to leverage when placing risks.

That is what Jason Bolding, CEO of Gallagher Securities and global head of ILS at Gallagher Re, told *Monte Carlo Today*. He also explained why these forces made it the perfect time to launch Arthur Re, Gallagher Re's new platform designed to streamline the issuance process for index-based catastrophe bonds.

Arthur Re is a Bermuda-domiciled unrestricted special purpose insurer (SPI) and segregated accounts company. It was established in 2025 by Gallagher Re and Gallagher Securities but was officially launched and first used in June this year for the \$150 million Quercian Re cat bond for OAK Global. Since then, it has facilitated two further deals: Tranquil Re for Nectaris Re Ltd., a reinsurer backed by funds from Leadenhall Capital Partners and Woody Re for Fidelis, both worth \$75 million.

Bolding said the timing of the launch has been good – and demand is there. “The fact that we have completed three transactions from a standing start demonstrates that there is untapped demand for greater efficiency,” he said.

“We wanted to create Arthur Re to reduce the friction involved in bringing index-based catastrophe bonds to market. Arthur Re has demonstrated that there is demand for simpler, faster and more efficient routes to capital markets capacity. That is evidence that the market needs these tools to help clients access capital more efficiently and thoughtfully.”

Maturity means innovation

The traction Arthur Re has so quickly gained is reflective of wider trends in this space. The

KEY POINTS:

- ILS reaches record levels
- Arthur Re gaining traction
- Role of broker now key

cat bond market had a very strong first half to 2026 with issuance of some \$17.5 billion with outstanding cat bonds in the mid-\$60 billion range. He suggests the \$100 billion mark is on the horizon. But Bolding is quick to point out that it is more than just its size that is impressive.

“We have seen record year after record year; every year seems to be bigger than the last. But beyond the size, what matters is the maturity: there is broader sponsor access and growing investor demand. The story is not just about record issuance; it is about a market that has matured,” he said.

“The cat bond is no longer just a source of opportunistic capital; it is becoming a core part of sponsors' risk-finance toolkit.”

“We have seen more new sponsors come to market every year, and first-time sponsors tend to become repeat sponsors. That is a very good sign for the market's trajectory. To me, that is a sign that the cat bond is no longer just a source of opportunistic capital; it is becoming a core part of sponsors' risk-finance toolkit.”

He also notes that limits are increasing. Many deals now exceed \$1 billion and many are also multi-year placements. And hand in hand with this, new territories and perils are coming to the fore. “We are also seeing different structures: cascading structures,

particularly around Florida; more aggregate structures; more top-and-drop structures; more multi-event structures, including second-event protection. That is a very good sign for the trajectory of the market.”

He adds that one of the biggest innovations he is seeing is around securitising casualty risks. “Casualty has historically been viewed as more challenging because of longer claims development, social inflation and other factors. But investors are now willing to evaluate casualty exposures when they are structured properly.

“We are seeing increasing interest in these exposures from asset managers and institutional investors that are seeking both underwriting returns and asset returns as well as diversification.”

The value of advice

Yet more choice means more decisions to make – and this makes the role of the broker more important. As more forms of capital become available, insurers must decide what belongs with traditional reinsurers and what is better suited to the capital markets.

“It is really about finding ways to connect the risk with the right source of capital, whatever that source is,” he said. “That is why there is a real need for a thoughtful broker that looks at the client holistically and asks: what are your needs, and what is the right capital solution for those needs given the dynamics of the market you are trying to address?”

“Each solution has positives and negatives. At the end of the day, it is about matching the risk and the dynamics of that risk with the right capital solution. It comes back to the long-term question of how we find ways to connect risks with the right sources of capital. Alternative capital should definitely be part of that discussion when you are thinking about how to manage volatility.” ●

Jason Bolding is CEO of Gallagher Securities and global head of ILS at Gallagher Re. He can be contacted at: jason_bolding@gallagherre.com

FACILITIES

Broker facilities trigger warning

AM Best sees an amber light flashing when it comes to broker facilities.

A broker facility is a pre-arranged agreement set up by a broker with one or more insurers to automatically place a specific type of risk. Such a facility aggregates many small/medium client risks into one portfolio, automatically binding coverage under pre-agreed terms to save time and lower costs.

For Greg Carter, managing director, analytics at AM Best, the biggest concern is reduced underwriting control, combined with risks of aggregation and concentration within facilities, plus the potential for regulatory scrutiny over how that delegated business is overseen.

Carter said: "If you're an underwriting entity and you delegate that underwriting control in any way, shape or form, you introduce risk that you do not naturally control over ... from a credit perspective, we see it as a credit negative."

Carter was speaking as part of a reinsurance market briefing held in Monte Carlo on Sunday September 6.

"For those that lead, they have more control. Those that don't have less control," echoed AM Best head of analytics Mahesh Mistry.

AM Best gave a thumbs-up to Lloyd's of London when it comes its handling of new MGA syndicates joining the market.

"Lloyd's pipeline looks very good in terms

KEY POINTS:

- Reinsurance capital stands at \$575bn
- Third party hits \$130bn all-time high
- Big Four reinsurers achieve 83% CoR

of new business coming through," said Mistry. "There's a lot of companies interested in joining the Lloyd's pipeline. They have taken on a few new syndicates diversifying geography and other types of products."

Overall, global non-life outlook remains stable, despite accelerated softening in property reinsurance pricing, with modest loosening of terms and conditions.

However, social inflation is driving reserve and pricing concerns in certain US casualty lines. Both commercial auto liability and other liability have continuously busted the crucial

100% mark going back to 2013. Despite best efforts, "casualty continues to be a problem", said Mistry.

And the market certainly has an abundance of capital with AM Best calculating \$575 billion in reinsurance capital and \$130 billion in third-party capital, which Mathilde Jakobsen, senior director and acting head of analytics, described as "a record high". ILS market capacity now stands at \$123 billion with \$16-\$18 billion tied up in sidecars – \$3-\$4 billion of which is ring-fenced for casualty sidecars.

Combined ratios have stayed strong, ranging from the European "Big Four" as low as 83%, Lloyd's 87.6%, US and Bermuda at 90.2% and Asia-Pacific 92%.

Global reinsurers are expected to hit a 14.5% return on equity in 2026, according to the ratings agency. ●



NEWS

Scor eyes property cat growth despite softer 2027 market

Scor sees scope to grow its property catastrophe portfolio in 2027 despite expecting continued competitive pressure, arguing that rate adequacy remains attractive even as pricing declines.

Jean-Paul Conoscente, CEO of Scor P&C, expects "a good buyer market in all activities" in 2027, reflecting the significant amount of capital that has returned to the sector.

"The industry has built a lot of capital, especially the incumbent actors, and we're now in a situation where there's probably more capital available than capital required," he said at the RVS in Monte Carlo.

Despite that backdrop, property cat remains an area where Scor sees opportunities to expand. "There's a strong focus on rate, but

really what we're focusing on is rate adequacy," Conoscente said. "Rates have decreased, [which] is reducing that, but compared to the other business that we write, it is still a very good rate adequacy."

Scor is also starting from a relatively small property-cat position, giving it greater room to deploy capital than some competitors.

Thierry Léger, CEO of Scor, said the reinsurer is "typically underweight" in the segment, meaning additional business can provide diversification benefits that might not be available to carriers with larger existing portfolios. However, Scor made clear that its appetite depends on how far the market moves. "If rates go down dramatically in 2027, we don't want to park capital there," Conoscente

said. But if rate decreases are modest, the business can remain attractive.

He followed this conclusion with a caveat that "terms and conditions are almost more important than rates, or as important as the price," adding that protecting them would be "a main driver" of Scor's approach as competition intensifies.

"Even if in the more traditional, more competitive areas we might not be able to deploy the capital, we are pretty positive that we'll be able to deploy [it] in what we call the core unique opportunity space."

Scor therefore does not "have to deploy" capital into the lines facing the greatest competitive pressure in Monte Carlo, Léger added. ●

MARKET

Soft markets demand differentiation

As the market softens, reinsurers cannot rely on price alone to stand out. VIG Re executive explains why long-term strategy, not short-term market movements, should shape growth.



As reinsurers prepare for another Monte Carlo *Rendez-Vous* dominated by discussions around pricing, Joachim Mathe believes the industry risks becoming too focused on the market cycle itself.

Softening conditions are undoubtedly reshaping competition, but for the head of Special Markets Unit at VIG Re, the bigger question is not how far prices will fall, but how reinsurers choose to compete when markets become more competitive.

"Everyone is speaking about the cycle and, of course, the weakening environment," Mathe told *Monte Carlo Today*. "Nevertheless, it's not only the price which is making a strategy."

Instead, he argues that every reinsurer enters the market from a fundamentally different position. Capital structures, ownership models, portfolios and long-term priorities all influence how firms respond to changing market conditions.

"There is not one size fits all," he says. "Everyone has different strategic priorities and different starting points."

For Mathe, that means the next phase of the market will reward reinsurers that understand where they can genuinely differentiate themselves, rather than simply deploy more capacity into an increasingly competitive environment.

Looking beyond price

One of the biggest mistakes a reinsurer can make during a softening cycle, he argues, is treating every opportunity as a pricing exercise.

"We would not compete on a pure open-market placement where price is the one and only differentiator," he said. "Otherwise, it's simply deploying undifferentiated capacity into a weakening environment. That's not our story."

Instead, he believes sustainable growth comes from understanding the broader client relationship and identifying where a reinsurer can provide value beyond capacity alone.

"We look very holistically into a business case," Mathe explained. "It's about strategic business development."

That also means recognising that not every opportunity deserves to be pursued. "If the relationship doesn't justify it and we don't

KEY POINTS:

- A broader view of growth
- Driven by strategy, not cycles
- Long-term partnerships are key

believe we can earn the technical margin required over the cycle, then we would rather abstain."

Building a less cyclical business

That philosophy sits at the heart of the company's VIGRe28 strategy, which aims to reduce dependence on market cycles by broadening the business and deploying capital more selectively.

"We are a growing company," Mathe says. "But growth is not a target or an objective in itself."

Instead, the focus is on supporting clients across a wider set of needs, deepening relationships and creating lasting partnerships.

The reinsurer's Special Markets platform brings together international nat cat, facultative re, life re and special risk solutions

dominated during the hard market, clients are increasingly looking for partners that can help solve broader business challenges, whether through structured transactions, capital optimisation or earnings protection.

He also sees client priorities evolving as secondary perils account for a growing share of catastrophe losses and insurers retain more risk.

As a result, conversations increasingly extend beyond reinsurance buyers to chief executives and chief financial officers focused on protecting earnings, reducing volatility and improving capital efficiency.

"What they want to see is protection of their capital base and their balance sheet," he said.

Credibility over cycles

The same long-term thinking underpins VIG Re's expansion into Asia. Rather than viewing Singapore as a tactical response to market conditions, Mathe describes the new representative office as a strategic investment designed to strengthen relationships and demonstrate a lasting commitment to clients in the region.

"It's about being close to our clients, showing commitment to the market," he said.

Ultimately, however, he believes the industry's greatest differentiator cannot be measured by pricing at all. Clients increasingly approach reinsurers with specific challenges because they trust them to provide solutions, not simply capacity – a credibility that can only be earned over time.

"You cannot plan for credibility," Mathe says. "It has to be built over time."

At Monte Carlo this year, he hopes the industry's conversations evolve beyond whether prices move up or down.

"My wish is that we differentiate ourselves through our propositions and how we serve clients, rather than only discussing whether prices are going up or down," he concluded. "Everyone has different strategic priorities. That's where the real conversation should be." ●

“You cannot plan for credibility. It has to be built over time.”

– each serving a different strategic purpose but collectively helping diversify earnings, optimise capital and deepen client relationships.

International nat cat, for example, is intended to diversify VIG Re's predominantly European portfolio rather than simply add catastrophe capacity.

"We're not just another catastrophe player," Mathe says. "It's about client partnerships, diversification and capital management."

Meanwhile, life reinsurance provides a less cyclical source of earnings, while facultative and structured solutions allow VIG Re to support clients with more tailored transactions that extend beyond traditional treaty placements.

Mathe believes this type of bespoke work becomes increasingly valuable as markets soften.

Where standard reinsurance products

Joachim Mathe is head of Special Markets Unit at VIG Re. He can be contacted at: j.mathe@vig-re.com

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LEGACY

Legacy moves into the mainstream

Re/insurers are actively considering legacy options earlier in the evolution of risk and increasingly integrating legacy liabilities into their core strategies, bringing the once-siloed line closer to the live market, according to Enstar.

“Insurers are thinking of retrospective solutions alongside a prospective solution, so it’s no longer thought about in isolation,” said Tanvi Patel, managing director of M&A, Enstar, told *Monte Carlo Today*.

“Retrospective solutions are very much thought of as an active capital management and earnings volatility tool in the same way prospective is; that’s another aspect of how the live, retrospective and prospective markets are really coming together.”

That change is also affecting the business entering legacy transactions. “What we’ve seen increasingly over the past number of years is the business being included in these transactions very much includes recent, greener underwriting,” Patel said.

Legacy moves up the agenda

“We’re also increasingly seeing insurers start to establish dedicated resources to focus on legacy liabilities,” she said. That focus extends beyond portfolios formally placed into run-off to liabilities from business that has expired, allowing re/insurers to consider potential solutions on an ongoing basis.

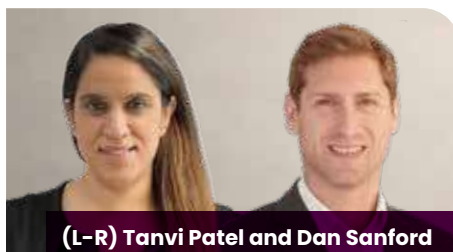
Dan Sanford, managing director of M&A at Enstar, said legacy has also moved beyond its traditional audience within insurance

KEY POINTS:

- Legacy options becoming strategic tool
- Buyers target newer liabilities
- Exit options unlock casualty ILS capital

companies. “It’s a lot higher on the agenda of reinsurance buyers within companies now than it used to be. Historically it might be more CFO-driven. Now we’re seeing a lot of reinsurance buyers being very active in processes alongside the chief actuaries.”

That means re/insurers are increasingly considering the relative impact of retrospective and prospective transactions as part of the



(L-R) Tanvi Patel and Dan Sanford

same decision-making process. Patel cited an increased focus on efficient capital deployment as the driver of these changes.

The move toward the live market doesn’t just help re/insurers release trapped capital. Sanford was clear on the strategy it offers to legacy itself: “We’re already seeing diversification of products, and with our acquisition of AF Group and some of Compre’s actions around perspective, I think

there’s an understanding we need to move forward to help de-risk our own businesses and look at diversity of risk,” he said.

Solving the long-tail trap

Forward exit options are becoming increasingly embedded in casualty ILS structures, helping address one of the fundamental challenges for investors in long-tail risk: how they ultimately exit.

Enstar said the product, initially expected to appeal primarily to the ILS market, has quickly become integrated into the casualty sidecar ecosystem. “Every kind of casualty sidecar deal will have some sort of commutation mechanism,” Sanford said, adding that forward exit options are now “very prominent in the ILS space”.

The development comes as carriers increasingly turn to sidecars as an additional source of capital, while investors are placing greater emphasis on understanding their route to liquidity before committing capital.

Patel said the key change has been bringing the different stakeholders together at the outset of a transaction, rather than attempt to solve the exit when an investor eventually wants to leave. “You’ll have investors all being aware of the product, asking brokers about the exit from the very beginning”, she said.

That particularly benefits long-tail casualty ILS: “Having something that solves the exit problem for investors has accelerated that,” Patel added, referring to alternative capital’s participation in reinsurance. ●

NEWS

Duperreault’s Cedar Trace to enter Lloyd’s with \$300m syndicate

Cedar Trace Underwriting is set to enter the Lloyd’s market with a new \$300 million syndicate for the 2027 underwriting year, adding another source of capacity as it looks to scale its Bermuda-based platform.

The syndicate has received in-principle approval from the Lloyd’s Council and will write a diversified reinsurance portfolio alongside delegated direct insurance business.

Led by chief underwriting officer Richard Holden, the syndicate will be backed predominantly by existing shareholders of Mereo Insurance and investors supporting

Cedar Trace Capital Management’s ILS funds. Asta will provide managing agency and associated services under a third-party service agreement.

Cedar Trace was established in 2024 and is led by industry veteran Brian Duperreault. It is closely affiliated with Bermuda-based reinsurer Mereo Insurance, led by David Croom-Johnson, who will serve as executive chairman of the new syndicate.

The move follows significant growth in Bermuda, with Duperreault saying Cedar Trace’s platforms have grown to more than \$1 billion of gross written premium in 2026.

“We are excited to bring our experienced and talented team to Lloyd’s and bring new relationships, new business and new capital to the market,” he said. “We have built out our Bermuda platforms to more than \$1bn of GWP in 2026 and entry into Lloyd’s in 2027 is a natural next step in scaling our ambitions.”

Holden said Lloyd’s capital and licensing advantages would allow Cedar Trace to broaden its offering to existing reinsurance relationships while bringing new delegated coverholders into the market. “Lloyd’s is obviously a market David and I know extremely well,” he said. ●

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PARAMETRIC

Parametric eyes data centre growth

Data centres are powering a new parametric opportunity, with the sector potentially becoming bigger than cyber while hyperscalers demand billions in capacity, Descartes Underwriting co-founder and chief executive officer Tanguy Touffut told *Monte Carlo Today*.

"It's an opportunity for the market. It might become a safe pipeline of business that could be larger than cyber in the medium term," he said.

"For some hyperscalers, \$1 billion is nothing. They will need \$5 billion or \$10 billion," Touffut said, adding that rapid expansion among hyperscalers and tier two data centres is also increasing demand for nat cat protection, particularly where facilities are concentrated in exposed regions.

"For data centres, there are two different product ranges. The first is more related to nat cats because many data centres are located in nat cat-prone areas. For example, we cover data centres against earthquakes in Japan, tornadoes in the Midwest in the US, or fires in California. This has been amplified by investments from hyperscalers, but also tier two data centres."

While some facilities might have exposures above \$15 billion, many smaller data centres are looking at maximum potential losses of around \$600 million, Touffut said, creating opportunities for Descartes to deploy meaningful capacity.

The risk is also extending beyond physical damage, with grid failures and cloud

KEY POINTS:

- Data centres could eclipse cyber
- Hyperscalers need billions in capacity
- Concentration risks are mounting

downtime creating potentially significant exposures for operators bound by demanding service level agreements.

"We are also deploying new products, typically around cloud downtime risks. This is something that keeps data centres awake at night. They have very demanding SLAs with their partners.

"If there is an issue with the grid, typically if the energy they need cannot be provided

because of different events, then the costs at stake are huge. So we are trying to address that through downtime cover."

Parametric products could also help close protection gaps around business interruption, particularly contingent business interruption (CBI), Touffut said.

"One of the big topics around parametrics is CBI, and there are plenty of economic losses that would occur for data centres that are not covered through traditional insurance products today."

However, the concentration of data centres around common power grids and geographic regions is creating a growing accumulation challenge for insurers.

"I think this is something that is not always understood by some insurers yet. But being able to have a picture of the data and the exposure, knowing that they provide a line behind the facility, is not that straightforward."

Touffut said Descartes is prepared to provide capacity behind insurers to help manage nat cat exposure, but the scale of the market will require portfolios to be spread across regions and countries.

"We're happy to provide capacity behind insurers for them to minimise their nat cat exposure on their data centre line of business. The market is becoming too big for any single insurer. We need to find a way to cover portfolios of data centres across different states in the US and different countries, including Japan and the Philippines." ●



“Cloud downtime risk keeps data centres awake at night. They have very demanding SLAs.”

DATA CENTRES

Digital economy becomes a real economy: Swiss Re

Surging investment in AI data centres and renewable energy could generate around \$200 billion in cumulative commercial insurance premiums by 2030, but the same boom is creating increasingly concentrated and interconnected risks, Swiss Re Institute has warned.

Its latest Sigma report says the global economy has entered a capital expenditure (capex) "super-cycle", driven by investment in digital and energy infrastructure.

Global energy investment is expected to reach \$3.4 trillion in 2026, while the five largest US hyperscalers are expected to

invest nearly \$800 billion in AI-related capex. "We are seeing the digital economy become a real economy," said Gianfranco Lot, Swiss Re's chief underwriting officer P&C Re. "AI needs data centres, power grids and increasingly complex infrastructure – and all of it needs insurance."

But growing asset values, geographic clustering, supply-chain dependencies and reliance on shared infrastructure are increasing accumulation risk.

Some AI data-centre campuses could cost up to \$50 billion to replace, while Texas and Virginia account for more than 40% of current

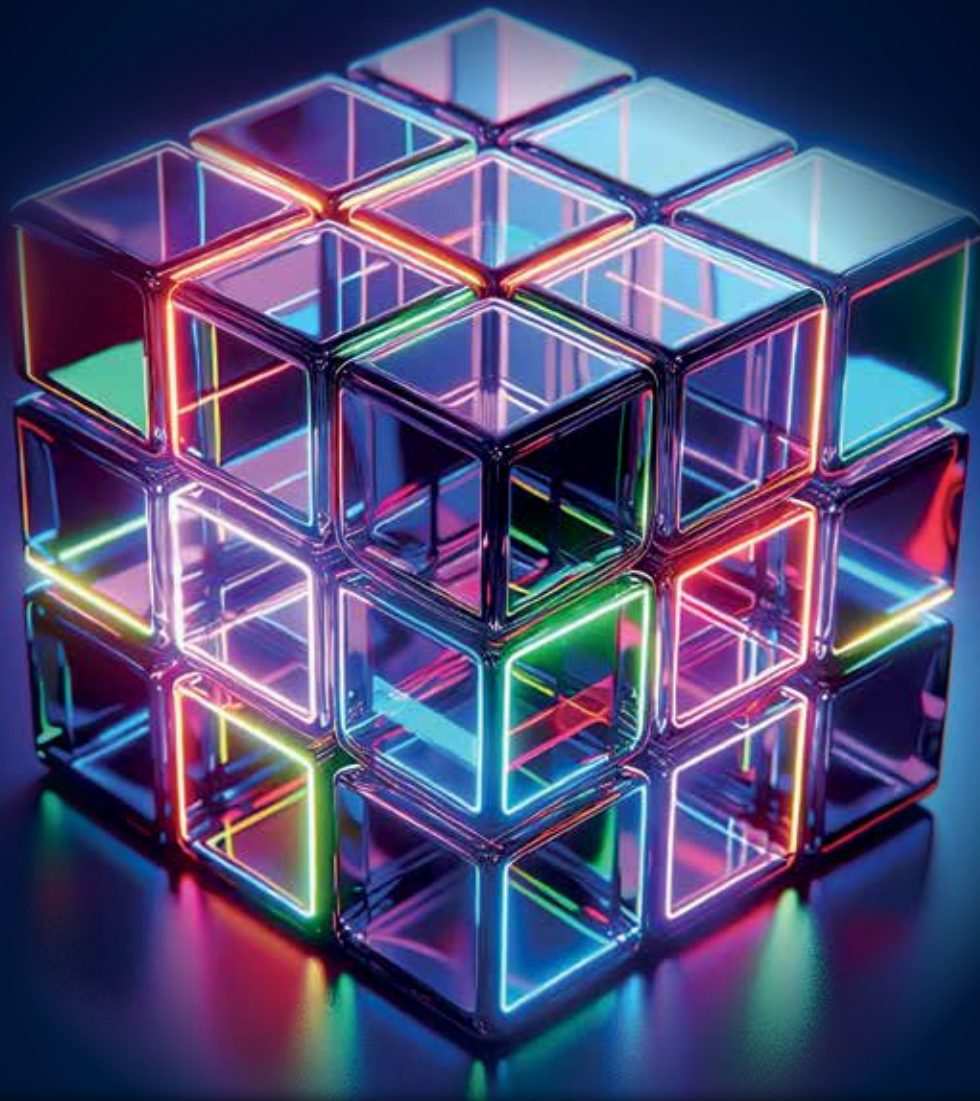
and planned US data-centre capacity. Swiss Re Institute said the main constraint is not the availability of insurance capital, but the industry's ability to deploy it confidently against increasingly complex exposures.

Engineering-led underwriting, improved modelling and accumulation management will therefore be critical, alongside spreading exposures across insurers, reinsurers and capital markets.

"The deployment of capacity will depend on our ability to understand and manage those, and getting paid for the associated tail risk," Lot said. ●

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BERMUDA

domusIQ seeks capacity in Monte

The boss of a new Bermuda company dedicated to commercial property risks is in Monte Carlo this week for discussions with capacity providers. He believes the company can bring a data-led underwriting proposition to this line of business in a unique way – but is also wary of a softening market.

Donald Harrell was unveiled as global chief executive officer, insurance, domusIQ Risk Holding (Bermuda) last week. His appointment aligned with the launch of a new UK MGA, domusIQ MGA (UK), which will do the underwriting. Harrell has previously worked at Willis Re, Aspen Insurance, Liberty International, CV Starr and AIG.

He explains that the two businesses complement each other – the Bermuda entity will provide the capital and the MGA the know-how. Together, he believes they will bring a fresh approach to commercial property risks.

“They’re two halves of the same strategy. Commercial property is still mostly assessed on historical losses and information that’s refreshed once a year, even though buildings are now throwing off continuous data through sensors, telemetry, incident feeds – all of it. What we’ve built is a platform that turns that into a live view of risk,” he told *Monte Carlo Today*.

“The Bermuda holding company is where the capital, governance and strategic framework sit; the UK MGA is where that intelligence actually gets applied to underwriting.

“The timing wasn’t an accident. Monte Carlo is where capacity conversations for 1 January really start, and we wanted to show up with something the market could engage with, not just a concept. With pricing softening the way it is, risk selection matters more than ever, so there isn’t a much better moment for a data-led underwriting proposition to land.”

The Bermuda edge

He explained the company launched in Bermuda because of the access it offers to sophisticated reinsurers, regulators and capital providers, all in one market. He praises the Bermuda Monetary Authority’s expertise and experience dealing with companies of this nature.

“[The BMA] has dealt with plenty of

KEY POINTS:

- New carrier launched in Bermuda
- Launch of new MGA in UK
- Fresh view on commercial property



“Commercial property is still mostly assessed on historical losses and information that’s refreshed once a year. What we’ve built is a platform that turns that into a live view of risk.”

businesses like ours before, ones that mix technology, advisory and risk-bearing activities, so they know how to supervise it properly. And it’s the natural home if you want to engage with insurance-linked securities and other forms of alternative capital.

For us, being in Bermuda is about access – to capital, counterparties and supervision that actually understands what we’re doing.

Asked about the launch of the MGA, he

explains this complements the Bermuda launch and is an efficient way to underwrite.

“An MGA lets specialist teams build portfolios efficiently and gives insurers a way into risks they might not be set up to underwrite themselves. The problem is a lot of MGAs are still working off the same submissions, historical losses and once-a-year risk data as everyone else,” he said.

“We came at it from the other direction. domusIQ started as a data and analytics business and we added underwriting because the platform gave us a genuinely different view of risk. We combine current building condition data with continuous monitoring of more than 10,000 event sources and, this is the bit that matters most, we can actually use that intelligence while the policy is live.

“If a flood is heading for a property, or something else threatens it, an early warning might give the insured time to protect their equipment, human lives and reduce the loss down. We’re not just here to pay claims well. We want to help prevent and mitigate losses in the first place, and that creates a much stronger alignment between the insured, the capacity providers and us.”

A bigger plan

He acknowledges the business will be judged on risk selection and loss performance, not how much premium it has written. But if it does this, it will add product lines and maybe a captive platform. “Longer term, the holding company becomes the home for a much-broader mix of technology, advisory and capital services.”

The company’s long-term vision, he says, is to build a vertically integrated proposition for commercial real estate: real-time risk analytics on one side, insurance optimisation on the other. “We’re building that by connecting building data, operational insights, risk scoring, risk transfer, underwriting and insurance services into one ecosystem. Do that well, and it’s genuinely hard for anyone to replicate piece by piece.”

He is cognisant this goal might be harder in a softening market. In Monte Carlo, he thinks the pace of softening will dominate every conversation. Capital is strong, property-cat pricing has come down and buyers have got their leverage back, he says. “The real question is how far pricing can fall before underwriting discipline starts to crack.” ●



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MGA

Europe might not be the MGA prize

Cheap capacity in market trackers could sow the seeds of the next hard market just as Africa emerges as a data centre opportunity and AI transforms underwriting, Africa Specialty Risks's (ASR) director of underwriting and head of property has said.

Europe is not the prize many believe it is for managing general agents (MGAs), with fragmented markets making consolidation harder than in the UK and US, OneAdvent's chief executive has argued.

Speaking with *Monte Carlo Today*, Tim Quayle said Europe was "very complicated", with lower barriers to entry creating "lots of little pockets" of MGAs serving local markets.

"That can be very complicated in terms of actually bringing all these together into something that's big enough [and] that has the kind of economies of scale that you start to see those benefits of consolidating," he said.

Quayle said he was sceptical that Europe

KEY POINTS:

- Europe's MGA opportunity overhyped?
- The US remains the bigger prize
- Distribution is overtaking specialty



“Distribution is where the focus is at the moment, more than specialty.”

offered the same consolidation opportunity seen in the UK and US, where major consolidators have already been active. "I'm not convinced the prize people think exists in Europe does exist," he said.

The US, meanwhile, remains difficult to overlook because of its scale, with OneAdvent currently establishing a US base. "The US market is so huge that you just can't ignore it," Quayle said, adding that some early US clients were producing numbers "so much bigger" than their UK counterparts.

Quayle also highlighted a shift in the MGA market as softer conditions take hold, with distribution becoming more important than specialty. "I think there is a slightly different kind of market shift... distribution is probably more important than specialty," he said.

"There's still some really good specialty MGAs launching, but actually the ones we're seeing come to market are those that have proven distribution because that's where the focus is at the moment." ●

NEWS

Howden Re launches Novark to open insurance risk to capital

Howden Re has launched a new insurance management and securities administration platform designed to bring capital markets-style infrastructure to insurance risk and make the asset class more accessible to institutional investors.

The platform, Novark, will provide near real-time information on insurance investments, which Howden Re said will give investors greater transparency and control over their positions and allow them to manage investments more actively.

Its launch comes as insurance-linked securities (ILS) and other forms of alternative capital play an increasingly important role in global reinsurance capacity. Howden Re said that while the structures used to invest in insurance risk have become more sophisticated, the infrastructure supporting them has failed to keep pace, leaving data and processes fragmented across participants and systems.

Novark aims to address that gap by bringing investors, insurers, reinsurers and other participants into a single digital environment with more consistent and timely data.

"Insurance risk has developed into an increasingly important institutional asset class, but the infrastructure around it has not evolved at the same pace," said Razi Naqvi, currently chief innovation officer at Howden Re, who is leading the platform's development and implementation.

"If we want to attract more capital into the market, investors need the transparency, control and confidence they expect when investing elsewhere."

Naqvi said Novark would provide investors with near real-time information on how their insurance investments are performing.

"Investors should be able to see what is happening to their investment, understand it and act on it," he said.

The platform will operate through Novark Management, a Bermuda-incorporated insurance management and securities administration company currently known as Alternative Risk Management (Bermuda).

It will support institutional investors, ILS funds, insurers, reinsurers, brokers and other market participants, combining insurance

and securities expertise with the technology platform. It will also draw on Howden's wider reinsurance, analytics, ILS, capital markets and advisory capabilities.

Alex Bridges, CEO of Howden Re Bermuda, said making insurance risk easier to access and manage could unlock greater institutional participation.

"Alternative capital is already fundamental to the reinsurance market, but there is a much bigger opportunity if we can make insurance risk easier for institutional investors to access, understand and manage," he said.

Novark is designed to support both established and more innovative risk-transfer structures, while allowing Howden to work with clients across the lifecycle from advisory and structuring through administration, governance and reporting.

Bridges said Bermuda was the "natural place" to develop the platform because of its existing convergence of reinsurance, ILS and institutional capital.

"Novark gives us an opportunity to help take that convergence to the next stage," he said. ●

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TECHNOLOGY

Biggest AI risk is doing nothing

The biggest risk in the adoption of AI is if you do nothing, however, measured adoption with supervisory oversight producing outcomes that meet requirements of consistency, efficacy, fairness and reliability, are crucial to not being left behind in the race.

This is the view of Gavin Lillywhite, SVP for business development, UK and EMEA at insurance operations and technology company Xceedance, who told Monte Carlo Today AI adoption and agentic AI in particular, shifted the role of people doing things manually to automation and transferring that role into supervisory oversight over the agents.

He likened the shift to the motor industry where robots and automation replaced people on the production line, improving the quality and affordability of cars, as well as the productivity of the line itself.

"Now those robots still need to be programmed. They still need to be overlooked. They still need oversight. Still need quality assurance, etc. All the things that we also need in insurance. It's the same principle, and for me, those become the enabler to drive significant efficiencies in the operations," he said.

He added that it would be difficult to imagine a regulatory body or company C-suite signing off fully automated AI underwriting, "particularly in the more complex specialty

KEY POINTS:

- AI adoption must come with oversight
- MGAs, brokers the vanguards of AI
- Adoption is behind the curve



“At RVS just last year, everybody was grandstanding about AI. Have I seen this monumental adoption in the last year? No.”

classes of business”.

Consistency in outcomes through open-source large language models (LLMs) is the biggest challenge to AI adoption across the insurance spectrum, according to Lillywhite, who emphasised working in a regulated industry such as insurance needed “fair and

consistent” outcomes.

“When you put something into ChatGPT, you always get three times, and you get three slightly different answers. It’ll be a variation on the theme, but it’ll be slightly different answer because it’s continually augmenting that data, and that, of course, is a challenge,” he said.

AI models, he added, need to be built with the accuracy to produce exact outcomes that you want repeatedly and consistently.

Despite the prominence of AI adoption across the insurance sector, Lillywhite believes it is still behind the curve of where it should be. “At RVS just last year, everybody was grandstanding about AI. Have I seen this monumental adoption in the last year? No, just my personal perspective,” he said.

MGAs and specialty brokers, Lillywhite said, are the current vanguards of agentic AI adoption but it came with a warning over the sovereignty of data and data protection in an area where governance and strategy are less of a priority than AI implementation. “You can’t simply put private information into open-source ChatGPT, for example, and this is why you absolutely have to have that strategic approach to it, that governed approach.”

As for the laggards, Lillywhite labelled the reinsurers as the slower adopters of the technology with insurers “somewhere in the middle” and again a big caveat of this being his personal opinion. ●

BERMUDA

Legacy, life insurance and investment moving closer together

The lines between legacy, life insurance and investment are becoming less distinct. For Phil Hernon, COO and head of distribution at Carrick Holdings, that convergence is being driven partly by the changing opportunity set.

“Some of our peers with larger balance sheets have moved closer to the life market. Balance sheet power and lack of large legacy deals have driven this marriage, and the talent in the legacy market is driving new ideas,” he told Monte Carlo Today.

Carrick continues to concentrate on more traditional, seasoned legacy opportunities, preferably portfolios that have already been in

run-off for at least three years. Nor is Hernon convinced that every attempt to move closer to life business will work. “I am not sure all of the steps taken by our peers will be successful ones, but watch this space.”

The changing shape of the market is occurring alongside a shift in where interest in funding legacy is coming from. Hernon said Carrick’s experience has been that private equity is currently reluctant to invest in legacy. Other pools of capital, however, are looking at the sector differently. “There are family offices, reinsurers and asset managers who find the space attractive,” he said.

Hernon sees capital, performance and convergence becoming increasingly

important to the sector’s development: “The legacy market needs to produce results and work in partnership with investors. This will encourage others to join the market.”

More capital would bring greater capacity, but Hernon expects it to bring greater competition too, “which will naturally pressure pricing”.

While clear that Carrick is not shifting away from run-off, he does foresee that the wider result could be a market that increasingly combines specialist liability expertise with broader balance sheets and different sources of investment capital, in what Hernon described as “a greater convergence” between legacy and investment and the life market. ●



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PRICING

Softening market triggers M&A: Fitch

A 15% rate increase does not necessarily make a risk attractive. Nor does a 15% decrease necessarily make one unattractive. For Pelagos Capital Insurance, that distinction is being lost in a market conversation dominated by the direction of pricing, particularly in property catastrophe reinsurance.

"The market's emphasis on rate movement over rate adequacy is one that's persisted for a very long time," Jonny Strickle, group managing director, told *Monte Carlo Today*.

Property cat provides a case in point. Rates have been coming under pressure as capacity has increased, but Strickle argues that needs to be viewed against the profitability achieved since the market reset.

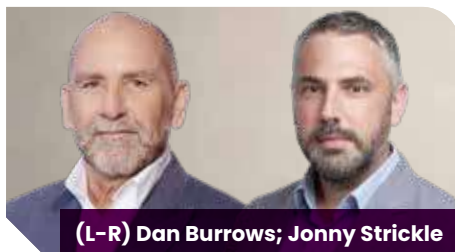
Pelagos has recorded a property cat loss ratio of sub 20% since its 2023 IPO, he said, despite a period that has included significant catastrophe activity, including the California wildfires and several hurricanes.

For group CEO Dan Burrows, comparing that market with aviation illustrates why looking at rate movements in isolation can

KEY POINTS:

- Rate movement can mislead
- Cat can fall and stay adequate
- Bermuda has moved beyond cat origin

produce entirely the wrong underwriting conclusion. "Renewal price index (RPI) in cat could come down 15%, still very price adequate. Aviation goes up 15%, still not rate



(L-R) Dan Burrows; Jonny Strickle

adequate," Burrows said. "If you wrote on RPIs alone, you'd come out of one and go into the other. Well, that's not underwriting."

Burrows believes the focus on property

cat pricing also creates a distorted picture of Pelagos itself.

Being headquartered in Bermuda inevitably puts the company into a peer group where commentary gravitates towards catastrophe reinsurance and the pricing cycle. But property reinsurance accounts for only around 20% of Pelagos's portfolio. The remaining 80% comprises bespoke and specialty insurance across more than 100 lines of business, many of which Burrows said are relatively insulated from traditional market cycles.

As a predominantly insurance-based business, headline measures of property cat rate movement are an even less complete guide to how Pelagos sees the market. That broader perspective is more relevant as capital continues to put pressure on pricing. Falling rates will make some risks less attractive, just as rising rates can improve others. But neither direction provides an underwriting answer on its own.

For Pelagos, the starting point is the price of the underlying risk and whether the expected return remains sufficient at that level. ●

BERMUDA

Bermuda re/insurer profits rise 22% as market growth moderates

Bermuda re/insurers generated \$32.8 billion of net income in 2025, up 22.4% year on year, as profitability accelerated despite top-line growth remaining below 5%, according the Association of Insurers and Reinsurers (ABIR).

The increase came as total equity across the ABIR membership climbed 16.6% to \$207.7 billion, from \$178.1 billion in 2024, according to data provided to *Monte Carlo Today*.

The market's combined top-line measure reached approximately \$197.5 billion, up 4.6% from \$188.8 billion in 2024. That figure combines \$172.1 billion of gross written premium from companies reporting on a non-IFRS 17 basis with \$25.3 billion of gross insurance/reinsurance revenue from IFRS 17 reporters.

The contrast between top-line growth and earnings reflects a market that John Huff, CEO of ABIR, described as moderating rather than softening, with strong capitalisation allowing reinsurers to remain selective

as pricing comes under pressure. "Some reinsurers are stepping away from business they think may not be adequately priced," Huff said, adding that companies have "the luxury of doing that because of their strong capitalisation levels and their ability to maintain discipline".

Investment performance was another prominent feature of the results. Among non-IFRS 17 reporters, net investment income jumped 34% to \$20.5 billion from \$15.3 billion. IFRS 17 reporters recorded a 40.2% increase in net investment return, to \$2.94 billion from \$2.1 billion.

Averaged combined ratio improve

Huff linked that performance to the market's capital strength, saying companies were "really leveraging that capitalisation for turning that into investment income".

Insurance performance also strengthened. Among non-IFRS 17 reporters, the averaged combined ratio improved 10.6 percentage points to 84.2%, while the loss ratio fell 8.6

points to 57.8%. For the IFRS 17 cohort, the insurance service result increased 21.6% to \$3.5 billion. Its discounted combined ratio improved to 81.3% from 83.6%, while the undiscounted ratio edged down to 94% from 94.6%.

The results came despite the California wildfires in early 2025. Bermuda ultimately accounted for around 30% of wildfire losses, but Huff said the exposure was within companies' catastrophe modelling and loss provisions.

The market's ability to absorb those losses while increasing profitability comes as reinsurers navigate greater competition and moderating rates.

"Even as a market moderates in terms of top-line growth, we're seeing very robust combined ratios," he said.

For Huff, that reflects a market increasingly focused on managing the cycle rather than maximising premium volume, supported by capital levels that allow companies to step away when returns no longer meet their requirements. ●



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PRICING

No losses, M&A add pressure to rates

The lack of loss activity and an increase in mergers and acquisitions are likely to add continuing pressure on rates, however the industry should see pockets of hardening in specialty lines, particularly as the Baltimore Bridge collapse, Russia/Ukraine aviation war losses and Middle East conflict losses become more apparent.

Chris Gray, international divisional director, reinsurance at Westfield Specialty, told *Monte Carlo Today* tort law reform in the US and additional creep in reserving could “add to rate”. The international casualty rate he said will probably be flatter and, from a property perspective, “it really depends on whether or not the wind blows”.

Looking toward January renewals, Gray said the lack of loss activity was driving a continued period of softening. “If the wind doesn’t blow, obviously from a humanitarian perspective, we hope it doesn’t, but from a market hardening perspective, we do.”

He added that additional pressure on rates would come via increased M&A activity. “Again with continued M&A activity, I think there’ll be a reduction in the number of clients, which again will add to the issue of overcapacity and less people to sell it to; simple as that.”

Westfield Specialty’s reinsurance business launched in the fourth quarter of 2025 and Gray said the company saw it as a natural diversification from the current portfolio. He

KEY POINTS:

- Soft market likely into January
- Some specialty rates firming
- Creativity key at 1/1



Chris Gray

said the intention wasn’t to concentrate on “purely marine” or “purely casualty” but to do as many classes as it could, providing the best services possible.

“We’re never going to be Munich Re or Swiss Re, we don’t have that size, but I do think we have the ability to again cover a wide range of products for a client to allow that long-lasting, sustainable relationship,” he said.

Westfield intends to concentrate on traditional treaty and first-tier retrocession as long-term purchases but alternative risk transfer is not part of the strategy.

As for emerging risks, Gray highlighted cyber

as an area where there is a lack of understanding purely because “it’s never happened before”. “I think what will be interesting is if there were to be a large event, do people really understand the aggregations? How do they control that? What is their actual downside?”

Gray feels that the cyber market has moved away from pro rata to excess-of-loss covering tail risk. He said you can’t rely on hindsight as with a 1-in-100 year event. You only have the relatively short time cyber has been a risk consideration to assess the risks. “So you rely then on the 20-odd years to try and project where the future is going forward,” he said.

He likened it to the aviation war losses in the Russia/Ukraine conflict as a wake-up call where more than two losses of an aircraft at one time were never considered. Suddenly there were hundreds of losses in the conflict and reinsurers needed to understand the risk environment to go beyond clauses for aviation twin-hull warranty.

Gray told *Monte Carlo Today* he believed reinsurers will succeed in January by being a bit more creative as opposed to “just saying no”.

“That’s our job of the reinsurance market to come with the reasons. You need this for your volatility protection, for your earnings protection. You need this for an emerging risk where you’ve thought about it clearly, but maybe we can find a product to cover that for you going forward,” he said. ●

NEWS

Legacy convergence and casualty ILS reshape capital options

Legacy moving closer to the live market could give re/insurers greater flexibility to manage long-tail casualty capital, while the growth of casualty insurance-linked securities (ILS) presents a separate opportunity, according to Fitch Ratings.

At Fitch’s London press briefing on September 3, Brian Schneider, senior director, said the development of forward exit options could support greater activity by giving carriers a clearer route to transfer liabilities and release capital later.

“It certainly helped to expand some of the casualty ILS that we’ve seen with that ability to have a long tail and still have some resolution on that at the end of the day,” he said.

However, competition has limited transaction volumes despite demand for legacy solutions.

Schneider cited Enstar as an example of a large non-life legacy specialist that has maintained discipline rather than increasing activity simply because opportunities are available.

“There’s still a lot of different demand for that type of business to go on, and some of those options, I think, can only help to maybe move more,” Schneider said.

Casualty ILS raises a different set of considerations. Schneider said capital markets investors could bring advantages including lower cost of capital and diversification benefits. But Fitch is watching whether they price casualty risk at levels sustainable for the broader market.

“Investors [are] not as sophisticated as insurance companies that are taking on this type of risk. They’re willing to maybe do it at a

lower price than what the insurance companies and reinsurance companies are willing to do,” Schneider said. “We do have concerns that it can push the pricing down more than reinsurers are willing to write at. So we want to see them be able to maintain that discipline.”

Schneider does not rule out casualty ILS becoming a sustainable part of the market. Longer term, he sees potential for casualty to follow some of the convergence seen elsewhere.

“I think longer term, though, it can be a positive for everyone if we are able to get to a point where it shifts to the capital markets, similar to what we see on the property side.”

Its sustainability will depend on whether that capital can complement traditional capacity without weakening underwriting discipline for long-tail risk. ●



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DATA CENTRES

Varied capital needed for data centres

Reinsurers alone will not be able to meet the rapidly growing insurance needs of data centres, with capacity likely to be required from captives, sidecars, catastrophe bonds and primary insurers, according to Fitch Ratings.

Speaking during a presentation at the RVS, Manuel Arrivé, head of EMEA reinsurance ratings at Fitch Ratings, said data centres represent a major growth opportunity but warned that the scale and complexity of the exposures mean capacity will have to come from across the market.

"The potential is huge. But also the risks are there," Arrivé said. "There's accumulation risks leading to modelling risk and reinsurers tend to be cautious at this stage." He said reinsurers are "open for business" but need to ensure growth remains consistent with their risk appetites, with further work required to understand how the exposures will develop.

Brian Schneider, global head of reinsurance ratings at Fitch Ratings, said: "I think reinsurers

KEY POINTS:

- Captives among required capital sources
- Accumulation risk concerns reinsurers
- Fitch sees huge data centre potential

are being cautious as they approach that market, although it's a huge opportunity for them," he said. "But I don't see a large amount of capital being dedicated to that just yet."

Swiss Re Institute estimates that global insurance premiums associated with data centres could reach \$91 billion by 2030.

Asked whether reinsurers could handle the scale of risk associated with data centre development, Arrivé said it was an area the ratings agency would be looking closely at as the growth develops.

"We have to be humble with these kinds of reviews because things change quickly," he said.

"The scale of it is increasing all the time, and it's also difficult to see where the capital and financing is coming from for these large projects. So, it's something as an agency we're looking at again."

He highlighted in particular how data centre premium growth was one major factor that could support greater use of captive reinsurance against the backdrop of market softening making risk retention less attractive for captives in other areas.

"The large need for reinsurance in that in that area could favour the development of captives, even with just the scale of the investments and the scale of the need for reinsurers," he said.

Despite the challenges, Fitch expects the re/insurance industry ultimately to develop solutions for the exposures. "The industry will adapt, like they did during jumps in technology or for nuclear plants as well," Arrivé said. "They faced the same challenges, and they managed to fill the gaps." ●

RUN-OFF

Run-off's shift towards live market raises fronting concerns

The run-off market continues to evolve, as specialists venture beyond their traditional territory and embrace a broader range of transactions and capital structures. But that evolution could also bring new risks into a sector dealing with liabilities that have, in some cases, already proved difficult to manage.

Recent transactions are "not necessarily bread-and-butter run-off transactions", Dan Hofmeister, associate director at AM Best, said, pointing to Enstar's acquisition of AF Group as one example: "That is essentially just M&A of a primary insurance operation."

At the same time, alternative capital and structures involving fronting carriers are beginning to appear in larger legacy transactions, potentially changing the counterparty considerations surrounding the transfer of long-tail reserves.

Hofmeister highlighted Everest's transaction with Longtail Re, which he described as involving an unrated, ILS-type source of capital backed by Stone Ridge alongside fronting carriers.

That marks a potentially important development for a market: "If you look

back at a lot of the run-off transactions over the last five to ten years, a lot of them are focused on collateral and not so much dependent on ratings. But it seems like the ratings are coming more into play now," Hofmeister said.

This shift in structure is opening the door to fronting agreements in a sector where the liabilities being transferred can be complex and long-tailed, and where the timing of claims is intensely important.



Dan Hofmeister

Fronting structures have already prompted scrutiny elsewhere in re/insurance over credit risk and transparency. But the nature of the liabilities involved in run-off could raise the stakes further.

"The reinsurance market in general is

nervous of fronting arrangements. I don't think that's unique to run-off, but there are unique dynamics that raise flags around this structure in the run-off sector, where you have reserves that have been problematic, and all of a sudden, they're going to balance sheets with limited transparency. That could be highly concerning if further issues materialise," Hofmeister said.

The development comes as run-off itself continues to mature. Once associated primarily with difficult legacy books, the sector has grown into a more sophisticated market populated by specialist capital providers capable of repricing and managing liabilities.

Now, as those specialists move beyond conventional legacy transactions, the role of the run-off specialist is being reshaped and its juxtaposition to the live market is being redefined.

That evolution could expand the capital and options available to cedants. But as structures become more complex, the identity, strength and transparency of the balance sheet ultimately carrying legacy liabilities could become an increasingly important part of the equation. ●

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AFRICA

Cheap capacity risks a hard market

Cheap capacity in market trackers could sow the seeds of the next hard market just as Africa emerges as a data centre opportunity and AI transforms underwriting, Africa Specialty Risks's (ASR) director of underwriting and head of property has said.

"Very quickly this capacity can evaporate, because one, it's not a tracker; it's essentially amplifying the lowest price available in the market. Just through pure attrition, underwriters are likely to rethink their participation there," Brian McGregor told *Monte Carlo Today*.

McGregor said market trackers and broker facilities are concentrating capacity around the lowest available price, while underwriters are also paying additional commissions to participate. He said attrition alone could be enough to prompt underwriters to reassess their participation, creating the potential for a market turn without relying on a major catastrophe.

Meanwhile, McGregor sees data centres as a major opportunity for Africa's property market as investment in AI and digital infrastructure

KEY POINTS:

- Capacity could evaporate
- Africa ripe for data centres
- Algorithms bring underwriting scale

accelerates. The continent's renewable energy resources could make it particularly attractive to data centre developers, he said, pointing to Kenya, Ethiopia and Zambia.

"With this amount of renewable energy that we have at our disposal, we are ripe for data

centres to be built on the continent." Kenya's geothermal energy could further support the case for development by providing a relatively low-cost power source, he added.

The opportunity comes with familiar property exposures, however, including the significant heat generated by data centres and the extensive plumbing required for cooling, which can create leakage risks.

AI could also reshape how those risks are assessed, with McGregor pointing to the ability to underwrite thousands of deals at scale. "We could underwrite risk algorithmically or use artificial intelligence at a huge scale, so we can appropriately price 1000s and 1000s of deals in very little time."

To this end, ASR has developed ASR 24/7, an algorithmic underwriting solution that combines technology with human underwriting expertise. McGregor described the approach as a partnership between underwriters and machines, allowing risks to be assessed at scale while retaining human judgment. ●

“With the amount of renewable energy we have at our disposal, we are ripe for data centres to be built on the [African] continent.”

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TALENT

Redesign roles, not just the process

As automation removes routine work, insurers risk making human roles more demanding while eliminating the repetition through which expertise is built, BCG's Nathalia Bellizia warns.



Insurers will have to redesign jobs, training and accountability as they automate routine underwriting and claims work. Without a new talent model, companies risk burning out experienced staff on a relentless stream of complex cases while eliminating the very tasks that build junior expertise.

"We often think, rightly, that AI will remove repetitive, boring work and allow people to do the interesting, higher-value activities. What people sometimes do not realise is that, if you remove all the easy, repetitive work, none of it remains," Nathalia Bellizia, a managing director and partner at BCG and its global leader for corporate finance and strategy in insurance, told *Monte Carlo Today*.

Easy claims could increasingly move through straight-through processing, leaving people to handle unusual risks, stressful situations and difficult decisions.

"The work will be more engaging, but it will also be more cognitively demanding," Bellizia said. "There is a real risk of decision fatigue, burnout and, ultimately, attrition."

In a July BCG report, Bellizia and her co-authors illustrated the shift in work through a possible future underwriting model.

"Today, an underwriter might review hundreds of straightforward submissions. In the future, those will arguably be handled through straight-through processing, and the underwriter's work will be very different," she said. "They will work on the 10 or 15 cases that are genuinely unusual, ambiguous or high-stakes."

Fewer cases, tougher decisions

Concentrating human work on the most difficult cases creates a new challenge for insurers: how to make roles sustainable when employees no longer have routine work between high-stakes decisions.

"As insurers embark on AI transformations, it is critical that they also design the human work," Bellizia said. "They need to create sustainable roles, supported by decision-support tools and clear escalation paths, and think carefully about workloads."

But removing routine work creates another problem: repetition has traditionally been

KEY POINTS:

- Automation concentrates complex work
- Expertise becomes harder to build
- Human accountability increases

insurance's training ground, allowing junior employees to encounter hundreds of cases and gradually develop judgment.

"You might start as an underwriting assistant working with an underwriter, and see hundreds of cases," Bellizia said. "It takes time to recognise patterns. You may make mistakes and learn from them."

The expertise gap

If insurers automate that work without replacing the experience it provides, they could find themselves needing more expert judgment while developing fewer employees capable of exercising it.

"Strong human judgment will therefore

“Expertise will be more valuable and, at the same time, scarcer and harder to build.”

become increasingly important, while that expertise will no longer be built through repetitive work," Bellizia said. "Expertise will be more valuable and, at the same time, scarcer and harder to build."

Insurers will therefore have to become more deliberate about developing judgment. Bellizia pointed to structured mentoring, simulations, AI-enabled training and rotations through different parts of an organisation, comparing the approach with pilots learning to handle emergencies in simulators rather than waiting to encounter them in flight.

"Unless expertise is built by design, it will not happen by accident, as it largely does today," she said.

That workforce redesign could ultimately

matter more to the value insurers extract from AI than the technology itself.

BCG estimates that change management, adoption and the redesign of talent and operating models account for roughly 70% of AI's potential value, with tools and technology making up the remaining 30%.

She said insurers that simply add AI to existing workflows may gain efficiency without fundamentally changing how decisions are owned or expertise is developed.

"A common failure is that companies focus far too much on the technology and data," she said. "People and organisational matters, including change management, become an afterthought."

That is where the model can break down, she said, because roles have not been designed properly, processes have not been transformed and the right governance is not in place.

Accountability at scale

As AI takes over more execution, the people supervising it will also become accountable for decisions made at a far greater scale. Insurers will therefore have to determine who owns automated outcomes and who has the authority to intervene when something goes wrong.

"If an individual underwriter today is working on one file and makes a mistake, that is one thing," Bellizia said. "If an individual is overseeing hundreds of straight-through processes handled by AI, the scale and importance of their decisions are much greater."

"As technology performs more of an insurer's work and controls more activity, a small, senior, business-owned team needs to monitor decisions for quality," she said. "Its members need the authority and expertise to intervene in real time if something does not look right." ●

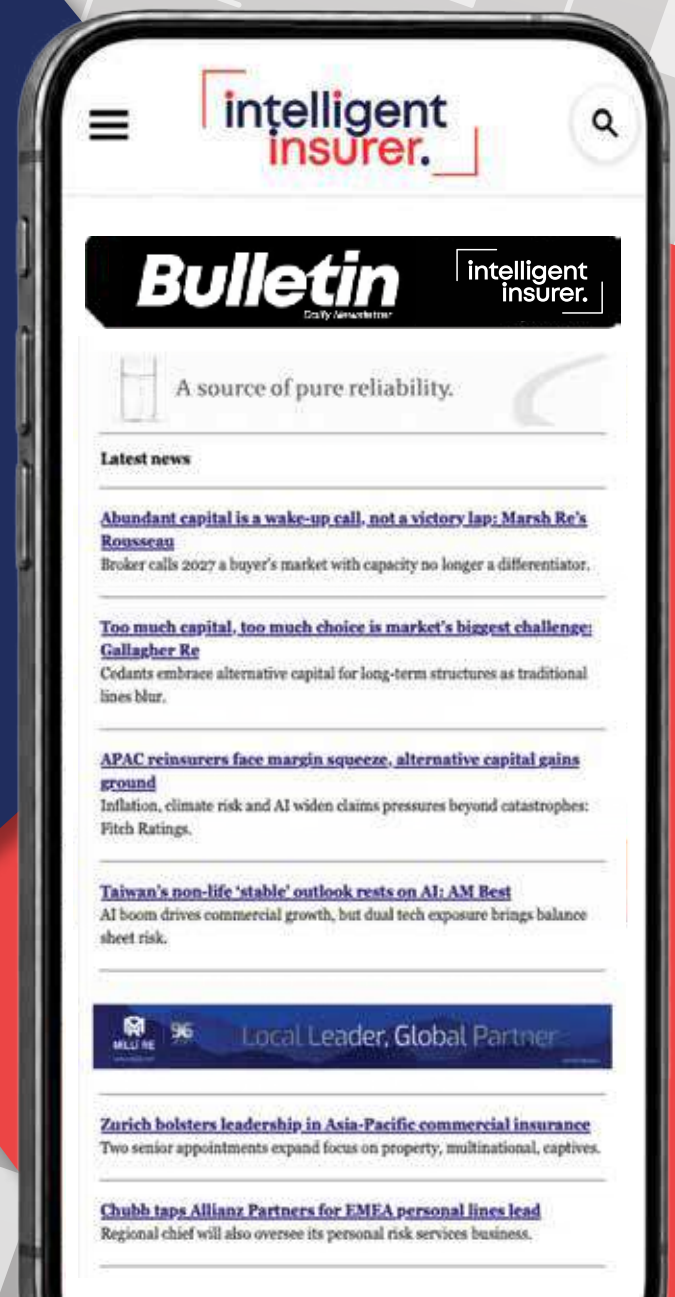
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EXPANSION

Eurasia builds global reinsurance reach

Kairat Chegebayev shares with *Monte Carlo Today* how capital strength, international diversification and a long-term underwriting strategy are driving Eurasia's expansion beyond its Central Asian base.



By Kairat Chegebayev, chairman of the management board, Eurasia Insurance Company

Over the past three decades, Eurasia has evolved from Kazakhstan's leading non-life insurer into a significant international reinsurance platform, with business now spanning almost 100 countries.

In the first half of 2026, total assets of the country's insurance sector reached \$9.31 billion, including \$3.66 billion held by non-life insurers. Eurasia Insurance Company has maintained a leading position in Kazakhstan's non-life insurance market for many years, accounting for more than 41% of total sector assets.

Eurasia holds an S&P rating of BBB with a stable outlook — the highest among insurance companies in the CIS — and an AM Best rating of B++ with a positive outlook.

Eurasia's Solvency II SCR ratio of 294% provides a substantial capital buffer to absorb large losses and market and investment shocks, while supporting its position as an international insurance and reinsurance counterparty.

With shareholders' equity currently standing at \$748 million, Eurasia's capital base is comparable with that of an "A"-rated insurer and represents almost 46% of the total shareholders' equity of Kazakhstan's non-life insurance market. Over the medium term, the company's capital is expected to exceed \$1 billion.

This financial strength is well recognised by our long-standing partners and provides a solid foundation for continued development and expansion into new markets.

Reinsurance at the core

In the first half of 2026, Eurasia generated more than \$273 million in gross written premium, including \$111 million from international inward reinsurance. Approximately 60% of the company's portfolio is generated in Kazakhstan, while 40% comes from international business, reflecting Eurasia's growing international reinsurance footprint.

In 2003, the company made a strategic decision to focus on organic growth and

KEY POINTS:

- 54% of international portfolio in the market
- Capital expected to exceed \$1bn
- India opens next phase of expansion

portfolio diversification, recognising the long-term limitations of the domestic market. The development of international inward reinsurance became a key strategic priority, enabling Eurasia to expand its geographic reach, diversify its risk portfolio and reduce its exposure to domestic economic cycles.

This international diversification is not simply a geographic expansion strategy. It is designed to build a balanced portfolio across markets, perils and lines of business, reducing concentration risk while improving the predictability and resilience of underwriting results.

“The objective is to build a balanced and diversified portfolio with a sustainable risk-return profile and predictable underwriting performance.”

Eurasia is a leading regional insurance company and a well-known reinsurer worldwide, accounting for approximately 54% of inward reinsurance premiums in the region. This makes Eurasia one of the leading exporter of financial services from Kazakhstan.

More than two decades in international reinsurance have helped Eurasia build underwriting expertise and strong relationships with global brokers and cedants.

Our approach is not to pursue growth for its own sake. We apply disciplined risk selection and portfolio management, focusing on risks where

we have the expertise, capacity and conviction to deliver sustainable returns. Equally important is the certainty that a valid claim will be handled quickly and decisively.

Eurasia has participated in the settlement of major claims from significant insured events and natural catastrophes, with its capital position allowing it to absorb large losses while maintaining financial resilience.

Eurasia continues to welcome opportunities that fit its underwriting strategy and risk appetite, with India an increasingly important strategic market. Following regulatory changes in the Indian reinsurance market, Eurasia became the first Kazakh insurance company to establish a branch in India, with the relevant authorisation granted by the GIFT City authorities. The objective is not only to grow the Indian portfolio, but to establish GIFT City as Eurasia's regional underwriting hub for expansion across the subcontinent, including Nepal, Bhutan and Sri Lanka.

Playing the long game

Our development model is both simple and challenging. We entered international markets ahead of our competitors, while our shareholders began reinvesting a significant share of the profits generated back into its capital base.

This enabled Eurasia to build expertise, strengthen its financial foundations and grow organically over time.

While this itself is straightforward, what is much more difficult — and what we are most proud of — is staying focused on the same objective for three decades, consistently and systematically, despite changing market conditions, challenges and uncertainty.

Our ambition is not to become the largest reinsurer at any cost. It is to build a highly diversified, financially resilient and consistently profitable reinsurance platform that our partners can rely on across market cycles. ●

Kairat Chegebayev is the chairman of the management board of Eurasia Insurance Company. He can be contacted at: kairat.chegebayev@theeurasia.kz

MONTE CARLO

AI is clearly the hot topic for RVS

AI and agentic AI in underwriting, modelling and operations, together with a softening market and underwriting discipline, shared the spoils as the biggest talking points at Monte Carlo and other conferences for this year in *Intelligent Insurer's* pre-renewals season survey 2026.

Both subjects attracted 62% of respondents while, at 55%, geopolitical instability and economic uncertainty as a topic was considered to be the third-biggest talking point with cyber accumulation and systemic risk at fourth, highlighted by 45%.

The growing interest in parametric insurance, along with captives and structured solutions, were considered by 38% of respondents surveyed to be the biggest talking points.

While talent and succession only garnered 17% of respondents for talking points, it ranked at number one for the top strategic challenges on the agenda of re/insurers heading into Monte Carlo with 46.5%.

The same percentage of respondents highlighted maintaining underwriting discipline as a top strategic priority followed by margin pressure in a soft market, and climate volatility as the next two priorities for 39% of respondents.

AI implementation dropped down the list of strategic priorities identified by only 28.5% of respondents. The list was completed by technology modernisation (25%), regulatory change (21.5%) and casualty reserve uncertainty (18%).

Secondary perils and climate resilience

KEY POINTS:

- Talent and succession top for strategy
- Geopolitics high on talking points
- Underwriting discipline a top priority

as a category garnered 34% of respondents as a talking point while M&A and strategic partnerships were considered by 31% of respondents to be what reinsurers would be discussing in the corridors and conference spaces of the Fairmont Monte Carlo.

Considering the record issuances of alternative capital in the first half of this year, as well as the record amount of capital reinsurers have on their books according to recent reports, surprisingly, the subject of capital deployment and alternative capital only managed to get 24% of the vote from survey respondents as a talking point for Monte Carlo and the rest of the conference season.

Rounding out the category of talking points were casualty reserve adequacy and social inflation at 21% and regulatory change at 14%.

There were, however, a few added subjects respondents thought might get the delegates talking this year. “The insurance market narrative for a hot-house world” was one suggestion adding to the secondary perils and climate resilience topic with a nod to a warming planet.

Given the unpredictability of major catastrophe events, one respondent

commented: “The world is unpredictable. Should anything topical develop between now and then, it will be one front and centre at the event.” The floods in Nepal, still unassessed in terms of insured losses, will certainly be a subject people will be discussing.

Adding to geopolitical turmoil, one respondent commented that political violence and terrorism would be a talking point, as well as the uncertainty and risk structures around the proliferation of hyperscale data centres. ●



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The biggest talking points at Monte Carlo this year?	
AI and agentic AI in underwriting, modelling and operations	62%
Softening market and underwriting discipline	62%
Geopolitical instability and economic uncertainty	55%
Cyber accumulation and systemic risk	48%
Parametric, captives and structured solutions	37%
Secondary perils and climate resilience	34%
M&A and strategic partnerships	31%
Capital deployment and alternative capital	24%
Casualty reserve adequacy and social inflation	21%
Talent and succession	17%
Regulatory change	14%



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