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Hannover Re eyes uplift in structured solutions as hard market drives greater cedant interest

A CONSTRICTION OF TERMS AND CONDITIONS and higher attachment points implemented when the market hardened in 2022-23 has led to increased demand for structured solutions, including aggregate and frequency covers.

That was one strong theme that emerged from Hannover Re's Baden-Baden press briefing, held yesterday (Monday, October 20) at Kongresshaus, Baden-Baden. "Driven by the hard market of recent years, demand for structured solutions is up. A side effect of the market correction, especially higher

attachment points, was that more people started thinking about how they might use structured reinsurance," Thorsten Langspecht, general manager, Hannover Re, structured reinsurance solutions, told *Baden-Baden Today*.

He declined to quantify how this greater interest is resulting in deals, stressing each transaction is unique and will often have a long gestation phase, involving the client, its broker and Hannover Re. "Finding the right solution takes time. Each deal requires significant engagement 3 ➔



Thorsten Steinmann

SEEKING NEW PARTNERS: Gallagher Re is firmly on the M&A trail



Dirk Spenner

GALLAGHER RE IS OPEN TO M&A opportunities, where there are strategic benefits to its existing proposition. That is one of the many priorities of Dirk Spenner, chief executive officer, International, at Gallagher Re since June 2024 when he took the reins from Tony Melia. Spenner joined Willis Re in 1996 and Gallagher Re in 2021 as part of the acquisition, initially running its EMEA business.

"We are scaling up and there are other deals in the pipeline," Spenner told *Baden-*

Baden Today. "The wider Gallagher group is using M&A to support organic growth to achieve its growth targets and we are doing the same. There are fewer potential partners in reinsurance, compared with the insurance side, but we have a very clear strategy to pursue further M&A. We are open to speaking to interested parties."

The reinsurance broker has already had a busy year on the M&A front. In May, it acquired Nongxin Insurance, marking a strategic move into China. And in 4 ➔

INSIGHTS AND ANALYSIS FROM MORE LEADERS INSIDE



Nick Fracalvieri



Christophe Gaudron



Ewoud Bom



Patrick Roder



Petra Kopf



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STRUCTURED SOLUTIONS

Hannover Re eyes uplift in structured solutions

KEY POINTS:

- More call for structured solutions
- Hard market driving cedant interest
- Demand for reinsurance will increase

“**+** **1** between us, the broker and the client,” he said.

Structured reinsurance provides tailored solutions designed to meet a client's specific needs – typically for capital optimisation or the management of earnings volatility. Furthermore, in its facultative business E+S Rück delivers specialised solutions for individual risks.

He said client demand for structured solutions is typically driven either by a desire to manage volatility or reduce their capital requirements in the context of Solvency II. He also offered two examples of structured reinsurance solutions.

The first was a surplus relief quota share, typically done to achieve capital release through regulatory risk transfer. He described how such a deal can use a flexible cession rate with the possibility of annual adjustments. The aim would be to improve the solvency ratio without raising subordinated debt.

His second example described a structured aggregate cover designed to protect against cumulative medium-sized losses above a defined threshold. Such a deal could offer a multi-year stabilisation of results and include a financing component with profit sharing in case of a favourable claims experience.

“The overarching motives are always balance sheet stabilisation and a desire for resilience,” he said. “But each deal is unique to the client.”

Demand is growing

Thorsten Steinmann, chief executive officer, E+S Rück and a member of Hannover Re's executive board, added that one of the reasons for Hannover Re's focus on structured reinsurance as a topic this year, was the fact it fielded so many questions about the topic at last year's Baden-Baden. “And we are a market leader in this space,” he said.

Moving on to discuss the wider reinsurance market, Steinmann described a volatile market characterised by increased conflicts globally, shifts in political power, destabilising international relations and more



Thorsten Langspecht

frequent and severe natural catastrophes. He noted that global insured losses will again exceed \$100 billion in 2025, for the fifth consecutive year. “The new normal is now much higher,” he said, recalling a point not that long ago when losses exceeding \$100 billion seemed extraordinary.

He also referenced the way in which AI and technology is changing the infrastructure of society, creating new risks. But despite

“Driven by the hard market of recent years, demand for structured solutions is up.”

Thorsten Steinmann

the many challenges, he offered a tone of optimism for the industry – its products and expertise are in greater demand, he argued.

“We certainly don't have all the answers but the industry is a stabilising force – a shock absorber,” he said. “We approach matters with a healthy dose of optimism. There will be continued strong demand for reinsurance protection in Europe. Nat cat

business may soften but we believe prices will remain at a risk-adequate level. Against that backdrop, we want to grow and also develop solutions.”

He also noted that, after several years of high losses, nat cat activity in Europe has been below average so far in 2025. But he added: “We expect demand for reinsurance will increase in line with the growing exposure. We have an appetite for that but we will always link to rate adequacy. We expect prices to slightly soften, but we believe that, overall, terms and conditions will remain adequate in 2026.”

Commenting on liability business, he said he anticipates rates to be risk-adjusted and broadly flat in Europe. He also highlighted a worrying trend of litigation finance, a serious problem for re/insurers in the US, starting to emerge in Europe. He cited the UK and the Netherlands as two countries of concern. He said Hannover Re was monitoring developments, but that it was not a big issue yet.

In summary, he described the reinsurance market as offering resilience in times of uncertainty. In this context, he also flagged the challenges surrounding climate change, which he said “demands robust solutions” again noting the potential to solve some challenges by using structured solutions.

“There are a lot of conversations around aggregate covers and frequency; in certain situations, we have the solutions,” he said. “Demand for reinsurance will increase and that is a net positive for our industry. We expect in 2026 prices to remain risk adequate but we will always price business on its own merit. Our aim is to achieve growth based on risk-adequate pricing and terms and conditions.”

“Our clients know we are always at their side as a reliable and consistent partner – even when the market environment is challenging. Our strong and enduring business relationships coupled with our robust capital base will enable us to generate further profitable growth – together with our clients.”

“Thanks to our business model as a pure-play reinsurer, we offer the entire spectrum of reinsurance coverage and are keen to explore innovative reinsurance concepts including, for example, structured solutions for capital management.” ●

M&A

Gallagher Re is firmly on the M&A trail

KEY POINTS:

- Gallagher Re on M&A hunt
- Market conditions favour cedants
- New capital more strategic

➡ September, it bought Steadfast Re, a move that strengthened its position in the Australia market as well as across the wider Asia-Pacific region.

On the Steadfast Re deal, Spenner said the move brings a lot to the table. "It gives us a lot more critical mass and an added firepower in Asia, particularly on the customised property side," he said. "We're significantly scaling up our business in that region, to become a leading player. We want to be taking lead positions and become even more relevant to our clients."

Cedants' time to shine

Outside his hunt for acquisition targets, Spenner is focused on clients. He believes the industry dynamic at the moment is one that can favour cedants. After some very tough years when rates hardened sharply in 2023/24, things are now changing. Insurers can eye better deals with their reinsurers – with the help of their broker – something also much needed in an increasingly volatile landscape.

“We are scaling up. We have a very clear strategy to pursue further M&A. We are open to speaking to interested parties.”

"I think clients can look at this renewal as something that's exciting, which can provide them with a real opportunity," he said. "Over the last couple of years, many have been forced to compromise on coverage: on the language, on breadth of cover and the price."

"That dynamic is changing now. I think there is an opportunity for reinsurers to offer a more desired outcome and more robust protection in the way they need it and in a way that solves their problems. So I look at the renewal season with excitement. The dynamic has shifted: reinsurers are competing,



capacity has entered the market. That means opportunity for cedants."

Part of this opportunity for cedants also comes on rate. He notes that there is much nuance around the word "softening" and what that really means. But he broadly agrees rates in many lines are falling.

"Based on the market dynamics we've seen in the first nine months of this year, many risks will trade at a discount to the current pricing. Certainly if your portfolio is steady, you're renewing a similar non-proportional reinsurance contract, and it's loss free, you'll pay less than you did in 2025," he said.

"That's just inevitable and will be true for the vast majority of lines of business and placements. Obviously, there's some exceptions driven by individual loss experience or more systematic market disruptions. But if you look at the broad P/C business internationally, that will be the reality over the next two months."

Time to transact

The dynamic could also extend to types of products not seen in recent years, due to a limited availability of capacity post 2023. There has been talk in the market around aggregation covers. Spenner does not comment on that but does believe there will be much more negotiation and much more change in protections as a result.

"I think we'll be seeing changes to structures, to coverage, language and new products coming to the marketplace. It won't be just a renewal where people just repeat existing placements and existing structures and just negotiate on price – it will be much more transactional. There will be a broader review of the protection needs of cedants, which is good news."

Such choice, however, is only possible due to new capacity entering the market. That has and is happening – but in a different way to the aftermath of previous very hard markets when many new balance-sheet reinsurers launched in Bermuda, for example.

"What we see is a different type of investor this time around. They are operating a little more behind the scenes, through sidecars or other vehicles. They don't necessarily find themselves an office or can be found in the telephone book. As such, it's a slightly different marketplace but a very vibrant one nonetheless. Investment into our

“Clients can look at this renewal as something that's exciting, which can provide them with a real opportunity.”

industry is high but that is just occurring in a less traditional way. It's a little bit more liquid: more tactical and strategic, empowering established brands. And that really makes a big difference."

Against this backdrop, he believes the broker is more important than ever. "Whether it's a hard or soft market cycle, we provide our clients with insights and analysis that helps them make better risk decisions. That's not something we've just cooked up because the market started to soften, it's just the most fundamental part of our offering." ●

FACULTATIVE REINSURANCE

Trading fac in the future world

Abundant capacity, shifting buying habits and a tech and data mindset are reshaping EMEA facultative, says Aon's Nick Fraccalvieri.



Facultative reinsurance has always relied on technical judgment and human negotiation, but a wave of digital transformation is now forcing the market to reconcile its traditional strengths with a faster, frictionless way of trading risk.

In that rapidly shifting environment, Nick Fraccalvieri, EMEA facultative CEO of Aon's Reinsurance Solutions, spoke to *Baden-Baden Today* about how the market is facing both softening conditions and unprecedented opportunity.

"The EMEA facultative market, just like the rest of the market, is moving in buyers' favour," he said, adding that "inflation, nat cat volatility and a desire of insurers to continue to grow" was putting pressure on pricing and terms.

Capacity is plentiful, but cedants are also demanding an efficient, data-enabled process that allows them to make decisions in real-time.

Fraccalvieri made it clear that this was not just cyclical softening. While "there is a cyclical change", Aon is simultaneously driving "a structural change, utilising data and technology with the ultimate goal of simplifying the overall transaction". This vision of seamless trading is about more than marketplace conditions; it's about resetting how facultative capacity is accessed.

Buying behaviours have evolved dramatically and Fraccalvieri recalled how at one time, "everyone would have said facultative was going to die", and what was once "the unwanted piece of business" has become "a strategic tool that underwriters use day-in, day-out to mitigate their exposure and navigate the cyclical market". In Fraccalvieri's view, facultative is no longer a backstop but a precision instrument for steering balance sheet risk.

Aon's differentiator, he insisted, lay in its dual play on advisory insight and digital execution. "The real winners will be those brokers that invest in technology and data

KEY POINTS:

- Fac shift from filler to strategy accelerating
- Data drives smarter facultative buying
- Capacity is abundant but precision matters

to develop solutions that address a broader range of client challenges," he said. Aon is funnelling resources into platforms, data ingestion and AI so that facultative decisions can be made with instant clarity. "There is a digital play for us in terms of organising the way we transact, and a data information play to be used as a strategic advisory tool."

Geographic dynamics add further complexity. With nat cat volatility in southern Europe, North Africa and the Middle

“The real winners will be those brokers that invest in technology and data to develop solutions that address a broader range of client challenges.”

East, demand patterns are shifting and construction-led growth is generating fresh facultative placements across Europe and beyond.

"We are one of the few that can articulate both local and global strategy," Fraccalvieri said, pointing to an Aon presence across nearly every EMEA territory coupled with London and global market leverage.

But technology and data alone aren't enough – talent will determine whether

facultative can scale without losing its technical credibility. "In the past three years, we have significantly scaled revenues without significantly scaling headcount, and we need to consider the talent required to meet future needs," Fraccalvieri noted.

Automation is helping, but building a next generation with both "mathematical skills and a commercial mindset" remains a major priority. Aon's graduate intake saw "almost 3,500 applications for 300 places", signalling a renewed interest in facultative careers, but these potential industry recruits still need to be immersed in "the beautiful way in which the reinsurance market works, with human interaction at its core".

That search for talent is far from straightforward: "It is objectively difficult to just find great talent without searching," but Aon creates its own pipeline. "The number of people applying specifically now for the different parts of Aon is incredible, and it gives us the ability to select, hopefully, the right individuals with the right skills."

Looking ahead, Fraccalvieri does not predict a revolution but a steady evolution toward fully digital facultative trading. "Our hope is that one day, people will be able to insert information, receive a quote and buy the quote directly without our intervention, if they so choose." This would free talent to focus on the more complex, high-stakes risks, and for Fraccalvieri, the shift won't eliminate facultative, it will elevate it.

What is certain is that facultative is no longer just a solution to an inefficiency that needs to be managed; it is becoming a dynamic, technology-enabled strategic lever. And those ready to merge digital intelligence with real human expertise will shape the next phase of this market. ●

Nick Fraccalvieri is EMEA facultative chief executive officer of Aon's Reinsurance Solutions. He can be reached at: nick.fraccalvieri@aon.com

RENEWALS

'Drive for a better balance' at 1/1

KEY POINTS:

- Reinsurance capital forecast to rise 7% in 2025
- Cat bond issuance hits record \$17.5 billion
- Cedants push harder on terms amid softer rates

Reinsurance appetite shows no sign of fading heading into 1/1, with the anticipated €4 billion to €5 billion of additional catastrophe capacity expected to be “easily” absorbed by the European market.

That’s according to Christophe Gaudron, CEO of France, Belgium, Netherlands and Luxembourg at Guy Carpenter, who told *Baden-Baden Today* that this rising demand is reshaping the dynamics of a market that remains well capitalised yet highly selective.

“Reinsurers’ risk appetites and overall growth plans are being influenced by the levels of rate softening being witnessed in the market,” said Gaudron. “This is particularly seen in catastrophe lines – although this will likely spread to other lines as reinsurers become more inclined to diversify away from property cat.”

“Clients are looking to reduce their risk appetite and increase reinsurance purchases, using budget savings to buy reinstatement protection, frequency layers and top-end capacity,” he added. “We expect to see €4 billion to €5 billion in additional European cat limit being purchased.”

Cedants push harder

Unlike past softening cycles driven by new entrants or alternative capital, Gaudron said this cycle reflects the strength of existing reinsurance balance sheets. “Reinsurers are benefiting from increased investment income, a lower share of cat losses – which declined from around 20% in 2022 to 12% in 2024 – as well as improved pricing in recent years,” he noted.

That combination, he added, means cedants are in a stronger position to negotiate, yet the market remains underpinned by underwriting discipline. “Strong capital positions and good profitability from reinsurers should allow cedants to find better pricing balance and improve coverage,” he said. “But the environment is still volatile, set



“The key challenge at 1/1 will be aligning reinsurer profitability with client expectations and ensuring both are satisfied.”

against shifting financial markets, geopolitical tensions and the ongoing threat of major cat losses, which could shift conditions quickly.”

Globally, reinsurance capital is expected to grow by about 7% this year across both traditional and alternative sources, driven largely by profitability and retained earnings.

Gaudron said that treaty programmes in 2024 were over-placed by roughly 25%, and that pattern looks set to repeat.

He also pointed to the record \$17.5 billion in cat bond issuance seen so far this year, with diversification into perils such as UK flood and French terrorism. “While this is contributing to downward pricing pressure, cat bond capacity deployed in Europe remains relatively limited,” he observed.

The shifting rate environment is giving cedants more leverage at renewal, but Gaudron warned that maintaining pricing adequacy remains a central challenge. “Current market dynamics are putting cedants in a stronger position and they are pushing harder on terms,” he said, noting factors including improved underlying portfolios, the impact of over-placement in 2024 and the desire to capitalise on a changing rate environment.

“There is a drive for a better balance after the levels of repricing witnessed in 2023,” Gaudron noted.

“Cedants do acknowledge the need for pricing adequacy but now expect improved conditions. The key challenge at 1/1 will be aligning reinsurer profitability with client expectations and ensuring both parties are satisfied with the outcome.”

Sharpening negotiations

Gaudron said there is clear industry-wide momentum to enhance modelling capabilities and strengthen underlying analytics.

“Specifically in Europe, the overall level of model sophistication is high. Clients are becoming increasingly advanced in their use of analytics and modelling, particularly during renewal negotiations, where they leverage these tools to demonstrate portfolio improvements,” he said.

For brokers, he added, modelling and analytics are “central to delivering value”. Guy Carpenter, he said, invests heavily in this area, especially “where models are not currently available”, combining quantitative expertise with advanced tools to support risk and capital decisions. “This enables much more robust discussions on technical parameters and helps ensure alignment on risk evaluation,” he said.

Closing Europe’s protection gap, especially around flood, remains a long-term priority. Gaudron called for industry-wide collaboration and continued progress in modelling.

“We have seen the success of state-backed schemes and public-private partnerships in addressing such challenges,” he said. “Parametric-based solutions and ESG-linked covers can also form part of the solution where indemnity-based coverage is difficult to secure. However, available capacity is currently limited.

“It is critical that measures to close the protection gap around key perils such as flood are built upon industry-wide initiatives.” ●



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DUTCH MARKET

Achmea Re eyes deeper partnerships

KEY POINTS:

- Focus on continuity, not headline expansion
- Dutch market mature, difficult for newcomers
- Achmea's direct-writing and data gives strategic edge

Achmea Re will use Baden-Baden to reinforce long-term trading relationships and continuity through the cycle, rather than seek headline expansion, managing director Ewoud Bom told *Baden-Baden Today*.

"We want to cultivate our relationships further. We are recognised as a partner with deep knowledge of portfolios, and are proud to share that with the market," he said.

When it comes to renewals, Bom believes, the key is partnerships that endure when losses hit. "We don't buy reinsurance for the Christmas cards. We buy reinsurance for protection – meaning that when we have to report an eventful occasion, we expect our partners to stay on board and help us handle it professionally."

That principle shapes Achmea Re's approach as it renews its main programmes. "We hope to continue the course with our partners," he said. "Continuity and the willingness to stay on board after a loss is what really matters."

Achmea Re is the group reinsurance arm of Achmea, the Netherlands' largest insurer, best known in its home market through retail brands Centraal Beheer, Interpolis, FBTO and Zilveren Kruis. "Most people know Achmea by its labels," Bom explained. "Another important one is InShared, a fully internet-based insurer whose technology we now use abroad. We have operations in Greece, Slovakia and Turkey, and branch offices in Australia and Canada."

Differentiation in Dutch market

With high penetration and dense competition at home, growth is limited – but Achmea's direct-writing expertise provides a clear edge.

"The Netherlands is a very dense country with very high penetration, so it's difficult to grow," he said. "But we are very strong direct writers. Direct writing is really in our genes."

"The direct-writing position gives us huge



“Continuity and the willingness to stay on board after a loss is what really matters.”

advantages – lots of data, efficiency and less friction in claims.”

Bom added that the Netherlands' highly insured market makes data and technology crucial. "With AI now playing a bigger role, the data we have in our company becomes even more valuable," he said. "A large client base and strong expertise in data and digital are our key building blocks."

Turning to the market, Bom distinguishes between catastrophe and non-cat business. "Cat is closer to a commodity than non-cat," he said. "We haven't had large cat losses in the past two years – the last one was Franklin and

well, liability remains shadowed by PFAS concerns, and motor is showing new challenges.

"We see that so-called Green Card losses in France and the UK are getting higher, particularly when children are involved. We don't have that pattern in the Netherlands because large bodily injury losses are spread across the market based on share, not individual loss."

Stresses in fleet insurance

Rising car prices and spare part costs are also pushing up claims while ageing fleets reduce insured values. "Cars are becoming so expensive they are hardly affordable for many people," he said. "An ageing fleet means more partial cover and fewer full-value policies."

Asked whether the Dutch market remains attractive for newcomers, Bom said that while entry barriers are low, traction is difficult due to robust regulation. "It's not difficult to enter the market, but it's very difficult to gain traction once you are here. We have a tough regulator, and rightly so."

Large multinationals, global carriers with dense international networks retain natural advantages. Achmea participates in Eurapco (European Alliance of Partners for Cooperation), an alliance of independent European mutual insurers that supports cross-border servicing, though "it's not the same" as having a global corporate footprint like AXA or Allianz.

As for renewals, Bom expects a buyer-friendlier correction on price, but little change in structure. "It's definitely more a buying market than before. Premiums may be a bit lower, risk-adjusted, but I don't expect much change in priorities or coverage," he said. ●

“The direct-writing position [in the Netherlands] gives us a huge advantage.”

the triple storms that succeeded each other within a week. So we benefit from a benign loss environment.”

Globally, reinsurers are performing strongly. "Returns are well above their cost of capital," he noted. "Due to the hard market of the past two years, many companies have much higher priorities. Frequency and non-primary losses have been retained by insurers rather than passed to reinsurers."

Outside cat, property per-risk lines have been "a little nervous", Bom admitted, after several large European losses. "I have the impression that insurers and reinsurers are still seeking the root cause of these very large losses," Bom said.

Among other lines, marine is performing

REINSURANCE MEETING

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MARKET OUTLOOK

Market 'stable' despite headwinds

The global reinsurance and European primary insurance sectors maintain a "stable" outlook, with strong balance sheets and improving underwriting results, even as pricing pressures and uncertainty around claims persist, Moody's analysts told delegates at a breakfast briefing in Baden-Baden.

The analysts said European primary insurers have benefited from improved earnings and stronger combined ratios over the past year. Underwriting performance has strengthened and investment returns have risen thanks to higher yields. However, they cautioned that softening pricing could gradually erode margins, though firms are expected to stay strong.

"Earnings obviously have improved a lot. Combined ratios have come down and balance sheets are pretty solid," analysts told the gathering. "Not only has performance been really good, we are also seeing an uptick in investment returns."

Pricing momentum is easing in some classes. "Pricing has declined. It has been declining

KEY POINTS:

- Strong balance sheets
- Underwriting results improving
- Stronger combined ratios

for a while, and that will likely continue." On cycle differences, they observed that "there is a bit of a momentum for better underwriting performance, because we have a different stage of the cycle; we are seeing difference between retail and commercial." For reinsurers, earnings volatility still bites: "reinsurers have significantly higher volatility."

Retention behaviour has shifted, especially in Europe. Capital returns are on watch. "One thing that we are looking at as a bit of a worry is the dividend policies," analysts noted.

Capacity/terms negotiations feel more balanced than a year ago. "It appears both sides are kind of acknowledging they need the other side, and that should make for relatively good outcomes," they noted.

Casualty is firmly on the agenda, both in market dialogue and in the data. "We are seeing some reserve increases across portfolios, not just in casualty."

After covering market fundamentals, Moody's Insurance Solutions turned to how the firm is using data and AI to support clients' risk management. Moody's has been integrating RMS models, Credit Cat and Cape Analytics under its Insurance Solutions umbrella. It is also building a full casualty analytics stack by tapping its own vast database and core strengths in credit monitoring and scoring.

The idea is to fuse those datasets with "a bit of AI" to do large-scale account modelling, company matching and portfolio analytics – in effect unlocking transparency across big casualty books in a way that "hasn't been done before".

In parallel, they noted continuing work in specialty, highlighting the market's need for more cyber capacity and pointing to the launch of Moody's RMS Cyber Solutions version 9.0. ●

EDUCATION

Students get a front-row seat to see reinsurance in action

A group of around 20 students specialising in reinsurance and risk management at the Cologne University of Applied Sciences attended this year's Baden-Baden Reinsurance Symposium, gaining a first-hand glimpse into the industry they are preparing to join.

We caught up with a few of them, who were excited to witness the global reinsurance market in motion and learn from real-time discussions. An alumnus of the university now working as a non-life underwriting assistant at DEVK Re and helping coordinate the visit, told *Baden-Baden Today* that the trip reflects the university's commitment to blending academic learning with real-world experience.

The students had the chance to observe market discussions between leading reinsurers, brokers and clients and to understand the dynamics of renewals and negotiation better.

For many, it was their first major industry event, an eye-opening experience that brought classroom theory to life. The photo was taken outside the Kongresshaus, where the mingled with professionals and soaked in the atmosphere of one of the reinsurance industry's key annual gatherings. ●



CASUALTY

Casualty at crossroads: transparency key

Casualty reinsurers need transparency, awareness of US-style legal tactics and risk-adequate pricing, says Swiss Re's Patrick Roder.



A shifting risk appetite, stubborn liability claims inflation and a looming talent gap are setting the tone for Europe's casualty market, according to Patrick Roder, head of casualty underwriting for EMEA at Swiss Re.

"It's really three things shaping casualty as we head into renewal," Roder told *Baden-Baden Today*. "First, a diverging risk appetite when it comes to large corporate risks; second, structurally higher liability inflation and third, talent succession."

He noted some long-standing players are pulling back from large-corporate casualty, wary of exposure and recent loss experience, while others are stepping in – either opportunistically or strategically. "There are very different risk views across the market," he said. "Depending on that view, there will be opportunities in some programmes and challenges in others. Transparency is key."

Amid this volatility, "we want to provide consistency, transparency and no surprises", Roder said.

The market is wrestling with "structurally higher liability claims inflation", driven by wages, medical costs and judicial and societal shifts that are proving stickier than many pricing models anticipated.

Another issue is succession – an ageing underwriting bench. "A large number of experienced casualty treaty underwriters are retiring in the next couple of years, and the pipeline is not ideal in all segments," Roder noted. "The industry can manage that challenge if we keep investing in recruiting, educating new underwriters and ensuring know-how transfer. Technology can help, but it's a complement, not a substitute."

PFAS pushing the boundaries

Two exposures sit squarely on the risk radar: US legal system abuse and PFAS. The former, he explained, "is just a modern evolution of non-economic inflation; the exploitation

KEY POINTS:

- US-style litigation tactics emerging
- PFAS is a challenge
- Stability valued over capital alone

of the legal system that leads to increased claim costs through prolonged litigation and outsized verdicts".

PFAS, meanwhile, are pushing the boundaries of insurability altogether. "Without proper risk assessment and mitigation, PFAS are at the boundary of the insurability for standard products," he warned, citing its accumulation potential and long-tail complexity.

In casualty inflation, the pattern is uneven but unmistakable. "There's no single European trend," Roder observed, but noted

“Without proper risk mitigation, PFAS are at the boundary of the insurability.”

large bodily injury severities are increasing everywhere, especially where local frameworks have shifted. Spain's updated Baremo is a case in point.

A raft of European legal reforms compounds matters, and reinsurers are rightly on alert. Roder highlighted three. The revised product liability directive extends the definition of a product to include software and AI and reverses the burden of proof. The directive on representative actions will widen access to justice. Then there are early, but significant and overdue, talks around regulating third-party litigation funding.

US tactics seep in – but Europe differs

Still, the cultural shift in litigation might be the most telling. Swiss Re recently surveyed 2,000 people across the UK and Germany and found while most are willing to seek compensation or join class actions. "The levels people are seeking are anchored to the actual loss, not to a punitive component".

But warning signs are flashing. "There are definitely elements starting to appear in Europe; in third-party litigation funding, we see more coordination in collective actions," he said. "We're seeing US law firms setting up in Europe and importing their tactics."

The UK, Netherlands, Italy and Portugal are the current hotspots. But Roder added "Europe is clearly different. We have no punitive damages, judges determine compensation, legal advertising is limited, and the loser usually pays. We don't expect the same extremes as in the US."

The industry's task, he said, is threefold: "Create awareness, assess what it means for different countries and industries then manage them." Managing means disciplined underwriting, sub-limits where needed and a sober approach to pricing, particularly as bodily injury severities and care costs outpace the Consumer Price Index (CPI).

"Let's not use CPI as a trend for bodily injury claims," he insisted. "Wages might be more appropriate."

For Swiss Re, data backs this stance. Its latest report on the motor bodily injury landscape in 2025 confirms that "serious bodily injury severities continue to rise, mainly because of care costs and medical inflation". That must feed directly into costing, reserving and capital models if portfolios are to remain resilient.

Roder concluded: "What clients want is a stable, well-capitalised, reliable reinsurance sector." In a world of creeping liabilities and imported volatility, that stability might prove the most valuable protection of all. ●

Patrick Roder is head of casualty underwriting, EMEA, at Swiss Re.

CAT BONDS

Parametric cat bonds set to grow

Site-specific parametric catastrophe bonds offering protection to crucial infrastructure such as nuclear power stations or data centres could be the next growth area for the fast-growing catastrophe bond market.

Such deals are not unprecedented. In 2020, Power Protective issued a \$50 million site-specific parametric bond covering wildfire risk at sites operated by the Los Angeles Department of Water and Power. That deal represented the first cat bond by a municipal utility and the first-ever parametric wildfire cat bond.

Since then, however, high transaction costs and complexity have made similar issuances rare. But new monitoring technology, driven by AI, could be about to change that.

Richard Pennay, chief executive of Aon Securities, noted much of the growth in parametric insurance is around very concentrated areas of risk. Conceivably, such risk could be covered by the capital markets. "Where the trigger is around a specific site, we can see growth for parametric insurance," he said.

Others agree. Urs Ramseier, CEO of ILS investment manager Twelve Securis, believes the growth of parametric cat bonds in the past five years has been driven by enhanced insights into data driven by AI. This has also helped develop products in the under-insured Indian and Chinese markets.

"This is a big area of growth," said Ramseier. "Risks in China, India and other emerging markets will be transferred on a parametric basis linked to the capital markets, not traditional re/insurers."

He believes this will drive growth in the cat bond market as under-insured economies try to close the protection gap. "In China and India, insurance coverage is small. There will be significant growth in this market in the next five to ten years."

He illustrates the size of the potential losses. Super Typhoon Ragasa, which battered Taiwan, Hong Kong and China in September, first made landfall as a Category 2 hurricane. Economic losses are not expected to exceed \$1 billion; if it had landed as a Category 5, they would certainly have exceeded \$100 billion. "That shows the exposure and vulnerability of Hong Kong and the whole coast of Shanghai," said Ramseier.

KEY POINTS:

- AI could drive cat bond growth
- Parametric triggers come to fore
- Protection gap means opportunity

A buoyant market

The cat bond market is currently buoyant. Aon has suggested new cat bond issuance could hit \$22 billion this year; Twelve Securis pegs the total market at \$56.2 billion. Zurich-based ILS asset manager Plenum puts total

capital, that would dwarf the traditional reinsurance capital available now.

"Pension funds still have a very small allocation to insurance and securities," said Dirk Schmelzer, managing partner of Plenum Investments. "When you look at that pool of money relative to the size of the market, it seems like an enormous, almost infinite, amount. If they only allocate one or two per cent of the pension funds that would be bigger than the whole reinsurance market today."

To date, the largest sponsors of cat bonds have been governmental entities, particularly in the US, such as Florida Citizens, the Texas Windstorm Insurance Association and the California Earthquake Authority. Pennay doesn't see that changing any time soon.

"The next phase of growth is going to come from existing players doing more in the cat bond market, buying more cover as reconstruction and rebuilding costs climb," he said.

That said, it is possible for smaller investors to buy into cat bonds through exchange-traded funds (ETFs) in the US or Undertakings for Collective Investment in Transferable Securities (UCITS) funds in Europe. The question is how far this trickle-down opportunity will go.

"I personally think that cat bonds are not suited for individual investors, but they are trickling down to managed funds," said Ramseier.

Another potential innovation in this space could come through transferring US liability risks, such as physical accidents or medical negligence, into the capital markets.

Yet Schmelzer is sceptical of extending securitisation to US casualty. The long tail of casualty risk makes it a hard sell to investors because losses unfold over years.

Ramseier agrees. "How do you manage for an exposure where every second year you have losses or even every year?" he asks rhetorically. "That's different to a big US hurricane that happens once every hundred years."

However ILS experts are continually discussing what could be next for the cat bond market. The crucial thing, says Schmelzer, is that cat bonds have shown resilience, proving doubters, who wondered if they'd evaporate after incurring heavy losses, wrong.

"But the market is still here," said Schmelzer. "The question is where can we take it next?" ●



“Risks in China, India and other emerging markets will be transferred on a parametric basis linked to the capital markets, not traditional re/insurers.”

Urs Ramseier,
Twelve Securis

third-party reinsurance capital, including cat bonds, at \$114 billion.

Partly, investors are attracted by the strong returns cat bonds offer. Yet institutional investors have remained shy of investing pension-fund money into ILS instruments. If institutions were to invest just 1-2% of global pension funds into alternative insurance

GERMANY

Growing ILS and alt capital appetite

Cat bonds are moving centre-stage in Europe. Howden Capital Markets & Advisory's Philipp Kusche explains why a \$50 billion market now matters, especially in the DACH region.



Philipp Kusche, chairman of HCMA Europe and global co-head of ILS, Howden Capital Markets & Advisory, examines the evolution of the cat bond market and its growing relevance for both investors and the agricultural sector, with particular attention to developments in Germany and the wider DACH region.

As climate events become more frequent and severe across Europe, the demand for robust, scalable and innovative financial solutions to manage risk and support recovery has never been greater. In May 2025, the European Investment Bank (EIB), the European Commission and Howden published "Insurance and risk management tools for agriculture in the EU", a first-of-its-

KEY POINTS:

- Cat bonds growing in Europe
- Investor base has widened
- EU agri cat risk: €60bn now, €90bn by 2050

\$100 billion (approximately €85 billion) in alternative capital supporting today's global insurance sector.

Cat bonds are no longer confined to private insurers and reinsurers. Corporations and public bodies, including the World Bank, have become active participants. Their appeal spans multiple stakeholder groups: investors value the uncorrelated returns, while the (re) insurance industry relies on them to reinforce systemic resilience.

The investor base has also diversified and matured. Pension funds, sovereign wealth funds, endowments and family offices now participate with discipline and scale, further broadening the pool of capital available.

Although cat bonds have historically focused on natural disasters such as hurricanes and earthquakes, their scope is broadening. Emerging use cases include terrorism, cyber risks, and, at times, drought – the latter already identified as the single largest driver of agricultural losses across EU regions. ESG-focused investors, sovereign wealth funds and pension funds are increasingly drawn to these opportunities given their lack of correlation with traditional financial equity and fixed-income markets.

Growing role in Europe and Germany

While the global market has expanded, recent years have seen a notable uptick in Europe, with a number of insurers in France, Italy and Germany utilising cat bonds as part of their reinsurance programmes, particularly against perils such as European windstorms.

This momentum is driven both by investor appetite, the objective of further diversifying

capital sources for risk transfer and by the growing need for climate resilience.

Navigating the agricultural future

Rising volatility in climate-related losses threatens pushing certain exposures towards uninsurability. In this environment, insurance-linked securities (ILS) can play a transitional role while market pricing can illuminate hotspots of excessive exposure and channel capital into adaptation strategies. When government intervention is unavoidable, ILS can act as a buffer, easing fiscal strain.

The EIB report emphasises the EU's intention to adopt a structured, pre-arranged risk financing framework, underpinned by instruments such as cat bonds, reinsurance

“The demand for robust, scalable, and innovative financial solutions to manage risk and support recovery has never been greater.”

kind report detailing climate change's impact on European agricultural production.

The study revealed Europe's agricultural sector faces an estimated €60 billion in annual catastrophe risk, a figure projected to climb to €90 billion by 2050. The study recommends adopting market-based mechanisms such as reinsurance, mutual risk pools but also catastrophe bonds to strengthen the EU's resilience in the face of mounting climate threats.

The evolution of cat bond market

What began more than two decades ago as a niche financing tool has grown into a well-established market worth more than \$50 billion (approximately €43 billion), representing a significant share of the roughly

“When government intervention is unavoidable, ILS can act as a buffer, easing fiscal strain.”

and mutual pools. The urgency is clear – farmers currently shoulder 70–80% of weather-related losses, leaving governments to step in with unbudgeted assistance.

Ultimately, the adoption of rules-based, structured frameworks will be essential for scaling solutions in data-scarce environments. With such systems in place, catastrophe bonds could become a core pillar of Europe's agricultural risk management strategy, helping the EU to manage the climate risks of the decades ahead. ●

Philipp Kusche is chairman of HCMA Europe and global co-head of ILS at Howden Capital Markets & Advisory. He can be contacted at: philipp.kusche@howdenhcma.com

TECHNOLOGY

Change with AI starts at the top

KEY POINTS:

- AI needs board-level backing
- Outcomes free capital to scale
- Modular services enable scaling

As margins tighten and expectations around efficiency rise, success will come down to whether leadership teams are willing to drive change from the top. That's the view of Gavin Lillywhite, senior vice president and operating leader for UK and Europe.

"We are 100% focused on insurance. It's not just a vertical within many," said Lillywhite, noting that the company is expanding its EMEA footprint and deepening its role with clients by rolling out modular solutions, including TPA claims data services for corporates, captives, MGAs and brokers. He said flexibility, in today's market, is key.

"We can support right across the value chain with a holistic solution, or provide services on a more modular basis. If you just want to plug and play, we do that, too," he said.

But delivering that requires a strategic mindset shift at board level. Traditional FTE-based outsourcing models are fast losing relevance as automation reshapes insurance workflows.



“AI is actually going to create more opportunities if we embrace it.”

"We need to move away from the pure FTE lift-and-shift model to a transaction-based model aligned to outcomes," Lillywhite said. Freeing operational and risk capital in this way gives insurers the ability to reinvest in growth.

AI is the catalyst, but only if it's backed by boardroom conviction. "We've had a capital investment from Portage Capital, and we're going to use a lot of that to double down on AI and AI-led automation," he said. The goal is not to cut roles but to expand capability.

"AI is actually going to create more opportunity if we embrace it. We want to drive four or five times the revenue with the same people; it's about doing more with what you've got."

In the London market, delays in processing mid-term marine endorsements continue to tie up working capital. "The money is coming in faster than teams can process the endorsements. If you can't allocate or account for the cash, it sits there as unallocated. That's a market-wide issue." Xceedance's API connectivity push with platforms such as Guidewire and Salesforce aims to unlock that capital and restore confidence in data-led decision-making.

Yet none of this will land without leadership intent. Lillywhite emphasised that it starts with the board being clear about whether it genuinely wants to drive and understand change, rather than just adopt technology for appearance's sake.

Internally, Xceedance is investing in upskilling to ensure teams evolve with its strategy. Lillywhite pointed to "real mobility opportunities" across tech, claims and data roles. "We're a fast-moving organisation."

"For me, it always comes back to what this means for the bottom line. If you can tie what you're doing directly to client impact, that's hard to argue against," he concluded. ●

NEWS

Europe ties diversity targeting into Solvency II regulations

European re/insurers should strike broad-based balance when securing diversity on governing boards, with an eye to best protecting companies from groupthink and fostering constructive debate and better decision-making, the European regulatory body EIOPA said in a fresh set of guidelines for implementation by January 2027.

Following a recent amendment tucked into the Solvency II Directive, EIOPA hashed out a guidelines document concerning membership selection for administrative, management and supervisory bodies, put a draft through public consultation and now mandates for the end-January 2027 target date.

The move is presented as governance improvement, not injustice remediation.

"Diversity leads to a broader range of

experience, knowledge, skills and values," and becomes a key counter-balance to "groupthink", EIOPA wrote in its summary report. "A more diverse AMSB can facilitate independent opinions and constructive challenging in the process of decision-making."

EIOPA isn't setting quantitative objectives to be hit in the guidelines, but principles-based guidelines to be hit on an "appropriate" timeframe. And a general guideline of "proportionality" even allows that "the nature, scale and complexity of their operations" be held up in considerations when setting targets.

But for gender balance, targets must remain targets. EIOPA does continue to insist that re/insurers craft specific targets based on at least some reference to "diversity benchmarking results published

by supervisory authorities or other relevant international bodies or organisations."

The hat gets tipped to other factors beyond gender, albeit with less mandate. EIOPA is looking for policies that "provide a broad set of qualities and competences" crucial to achieving "a variety of views and experiences."

To EIOPA, that should mean educational and professional background, age and geographical provenance, but no specific guidelines are being set. Policies may reach for further aspects of diversity and representation, but EIOPA isn't naming additional factors or metrics.

Anti-discrimination policies are a must-have ingredient across most every minority demographic; equal-opportunity staffing and career development are a necessary basis; and this being Europe, everything must be well documented. ●

GERMANY

Market seeks concrete price talks

Early data flows and broker approaches suggest clients are earlier to the market to secure good deals. VIG Re's Petra Kopf says expect concrete price negotiations at 1/1, not broad-brush moves.



After several years of strategic and theoretical debate, the tone of this year's reinsurance renewal discussions is expected to shift decisively towards more concrete negotiations on price – particularly in Germany. Early data flows and broker approaches suggest clients are moving sooner to secure favourable terms.

That's according to Petra Kopf, senior underwriter at VIG Re Germany and acting market head DACH, who says this year's Baden-Baden meetings will be defined by a clear shift in rhythm. "We will see more concrete discussions about prices," she told *Baden-Baden Today*. "In the last two or three years, everything was a little later in the renewal cycle – more about theory and strategic options. Now, insurance clients are earlier to the market to secure what they hope are good packages for them."

The early activity reflects both a maturing market mood and what Kopf calls a "recalibration" that's taken place in recent years. "We've already seen a lot of data coming our way and brokers calling us, saying, 'Can we discuss this before Baden-Baden?'," she added. "That shows clients want to be prepared and have serious conversations earlier."

Individual discussions, not broad strokes

VIG Re, like many reinsurers active in Germany, is entering renewal discussions after several years of portfolio rebalancing and repricing. "In tough markets, we've recalibrated our portfolio... made our voice heard at the reinsurance table and plan to confirm that position going forward," said Kopf.

"We will not be putting up a broad brush," she stated. "Every client is different, every experience is different and every portfolio is differently exposed. So, we expect very individual discussions with our clients."

That individual approach, she says, reflects a broader theme of being client centred. "It's not one price for one product any more, it's the overall focus on the client. We're very

KEY POINTS:

- Early data pushes price talks
- Discipline anchors German renewals
- Nat cat focus; motor steadies

hands-on underwriters. We empower our teams to make decisions directly with clients so negotiations can be swift and informed. That's what we call agility."

The German market remains one of Europe's most traditional and disciplined, which Kopf believes is a strength. "German, Austrian and Swiss clients are not as opportunistic as some others," she explained. "They're focused on long-term relationships, which aligns very much with our own philosophy. It doesn't pay out to be too opportunistic in this market – we've all seen each other twice, if not three or four times. I'm

“It doesn't pay out to be too opportunistic in this market. We hope to have civilised conversations around pricing.”

very hopeful for very civilised conversations around pricing."

Price realism and discipline

As discussions intensify, Kopf sees natural catastrophe and property lines as central to pricing debates. "If we think about the pricing discussions that are already rumoured in the market, it's clearly the nat cat lines," she said. "But there are other challenges too... there's still a lot of water pipe damage hurting insurers."

Motor is another line under scrutiny. After years of tariff increases, the segment is reaching what she calls "a break-even point". Kopf noted that "motor has not been very

profitable for years. Now, after many years of double-digit tariff increases, we're reaching equilibrium. It'll be interesting to see if that influences original pricing, because reinsurers cannot make an unprofitable line comfortable again."

In the German market, Kopf expects pricing to remain firm but realistic. "We've seen clients taking on higher retentions and accepting higher prices," she said. "Some are now at a point of equilibrium again, and we can have sustainable discussions about long-term stability rather than one-year fixes."

That balance between sustainability and flexibility is key to VIG Re's approach. "We're a technical reinsurer, so sound underwriting is the basis for everything," Kopf stressed. "But we're also pragmatic. We don't want to look at single contracts in isolation, we see each client as a holistic organisation, and we want to build stability across their entire portfolio."

'Don't forget the losses'

Kopf's message to the German market is to keep discipline front and centre. "It's just two years that the German reinsurance market has seen some profits," she cautioned. "Before that, there were five years of significant losses. We're forgetting too quickly that there needs to be an equilibrium between paying off past losses and earning back money for the future."

Recent benign conditions, she warned, do not erase risk. "We've seen small events that don't necessarily trigger reinsurance programmes but still cause a frequency of losses. Underwriting discipline remains key, particularly in the German market."

"We know this terrain, we understand our clients' realities and aim to be a reliable, long-term partner – not just a capacity provider for a single layer," she concluded. ●

Petra Kopf is a senior underwriter at VIG Re Germany and acting market head DACH. She can be contacted at: p.kopf@vig-re.com

MGA

Europe: the new MGA battleground

KEY POINTS:

- Europe leads the next MGA wave
- Turnkey platforms drive expansion
- Speed needs governance balance

Europe's managing general agent (MGA) revolution is moving out of the incubator and into overdrive. As regulatory ecosystems mature and insurers search for growth outside saturated lines, demand is soaring for turnkey support; those all-in-one frameworks that give MGAs the licence, infrastructure, and speed to break into new markets.

So says Charles Rowley, director at DA Strategy, who told *Baden-Baden Today* the region has entered a defining moment.

"We're seeing Europe emerge as a decisive theatre for MGA growth," he told the publication. "The ability to operate under a single licence across 27 jurisdictions offers unrivalled scale for multi-class, multi-territory programmes. Turnkey solutions give MGAs both the regulatory umbrella and operational platform they need to move at pace – but understanding local distribution dynamics remains critical."

The numbers underscore his point. According to Gallagher Re, MGAs handled nearly \$100 billion in premiums in 2024, while fronting carriers, the conduits linking MGAs with reinsurance capital, expanded even faster, achieving premium growth above 20% in 21 of the past 24 quarters. Together, they generated almost \$28 billion in gross written premiums last year, up 26% from 2023.



“For reinsurers, MGA partnerships offer an efficient route into these areas without the costs of building new underwriting teams.”

Europe's edge lies in its structure. The continent's unified licensing regime allows ambitious MGAs to scale rapidly, provided they can meet the regulatory and operational demands. At their best, MGAs bring agility and expertise, underwriting specialist risks in cyber, renewable energy, marine and casualty far faster than traditional carriers, Rowley said.

"For reinsurers, MGA partnerships offer an efficient route into these areas without the costs of building new underwriting teams, though overall acquisition costs need to be considered carefully," he added.

But as the market accelerates, scrutiny is intensifying. Rowley pointed to S&P Global Ratings warning that MGA partnerships can be a "double-edged sword"; their speed and flexibility can just as easily spark governance and alignment headaches. "Demonstrating the right alignment and engagement is in place right from the very beginning is essential," he noted.

For reinsurers, the key is control. Heavy reliance on MGA structures without rigorous frameworks can erode competitiveness and ratings strength. The entrepreneurial independence that drives MGA innovation must be balanced with robust governance and transparency.

That's where turnkey providers are proving essential, Rowley said. By offering regulatory cover, compliance systems and operational infrastructure, they're bridging the gap between entrepreneurial speed and institutional discipline. "Incubating MGAs that can scale across borders takes more than capacity," Rowley said. "It requires regulatory readiness, operational maturity and deep alignment with carrier expectations."

The market is shifting from single-line ventures to scalable, multi-class platforms built on governance and resilience. Those that balance agility with discipline, and innovation with compliance, will set the agenda, Rowley indicated.

Europe's MGA boom is no longer about if it happens, but how it's done. The region's evolution will hinge on sustainable growth, strong partnerships and the turnkey foundations that enable it all. ●

CLIMATE

Protesters target Baden-Baden meeting with climate stunt

The Baden-Baden Reinsurance Meeting was again targeted by climate protesters calling on insurers and reinsurers to stop underwriting fossil-fuel projects. A group of around a dozen activists from Extinction Rebellion and Scientist Rebellion gathered outside the Kongresshaus as delegates arrived for the Reinsurance Symposium.

The handed out leaflets titled "We Need to Talk!" urging companies to factor the

accelerating impacts of global warming into their business models. One asked: "How profitable would the continuation of investment in fossil fuels be for your company, both short-term and long-term, if the acceleration of climate breakdown was factored in?" Citing the World Economic Forum, the Financial Times, and UN Secretary-General António Guterres, the material warned that climate change could render parts of the world "uninsurable".

Protesters waded into the fountain outside the Kongresshaus, and used small inflatable boats and kayaks to dramatise the risks of rising sea levels and climate inaction.

The annual Baden-Baden gathering, which brings together thousands of reinsurers, brokers and clients ahead of the key January renewals, has drawn increasing attention from environmental groups in recent years. The protest was peaceful and drew interest from delegates and bystanders. ●

DATA

Data mastery sets the pace

Floods of unstructured data are forcing a rethink in reinsurance, and those who adapt quickly will gain advantage, says Allphins' COO.



The reinsurance industry is drowning in data, but not always the kind it can use. From political violence to onshore energy and credit risks schedules, insurers and their retro partners are wrestling with unstructured, inconsistent datasets that risk distorting decision-making.

Antonin de Benoist, COO of Allphins, told *Baden-Baden Today* that the challenge was clear: "If the task of transforming raw data into intelligence is not performed correctly, there is no unifying view of aggregation, and you cannot trust your figure."

De Benoist is well positioned to comment on the industry's data challenges, with his company now working with more than 30 global reinsurance clients across all property, casualty and specialty lines.

The ability to process, clean and standardise exposure data is becoming as critical as pricing skill or capital strength and de Benoist believes reinsurers must act quickly to avoid being left behind.

He pointed to the sheer scale of the problem: "In the past, you had very limited data, especially on the specialty lines, and now it's more a matter of addressing how we ingest, transform, clean and standardise all of these enormous datasets. As you move up the value chain, that gets more and more scarce."

Different lines have their own unique struggles, from property files containing tens of millions of risks to marine and energy policies with little clarity around attachment points. The tools many companies rely on sometimes only compound the problem.

"The wide use of spreadsheets means that most of the players get time-consuming workflows which are human-driven and prone to error," de Benoist said.

As information moves through the reinsurance chain, much of its granularity is lost, leading to overestimations and poor responsiveness to live events. Retrocession providers are especially sensitive to the issue. "When they receive relatively bad data, it

KEY POINTS:

- Data quality defines retro terms
- API-first tools break silos
- Adaptation speed sets winners apart

means more uncertainty," he explained. "Better data lowers their perceived uncertainty, which typically results in more favourable terms." Without greater standardisation, retro partners cannot reconcile their aggregates, leaving reinsurers at a disadvantage.

Artificial intelligence is often cited as a cure-all, but de Benoist strikes a measured note. AI, he says, does play a fundamental role across workflows: reading and digitising contract clauses, automatically ingesting data without underwriter intervention, enriching datasets and flagging anomalies.

“You need to think of AI as your copilot, not your pilot.”

"AI should allow those users to access more analysis in a very smooth and instantaneous, user-friendly fashion." But he highlighted its role as a support tool rather than a replacement: "You need to think of AI as your copilot, not your pilot."

The industry's architecture must also evolve. De Benoist argued strongly for an API-first approach that connects specialist tools across underwriting, modelling, exposure management and back office. "The risk itself is not fragmented. The value chain doesn't care about your organisation chart," he noted. By integrating systems, reinsurers can extract the intelligence of multiple teams and drive profitability.

Some of the most powerful gains come from continuous learning. De Benoist described work with clients in onshore downstream energy, where Allphins developed a new methodology to map exposures around industrial complexes such as refineries. "For the first time, they were able to understand the true concentration of risk across their different cedants," he recalled.

Similar techniques are being applied to renewables and aviation, and the implications are wider than efficiency. "Historically, the advent of probabilistic networks enabled the development of new products to be priced and exchanged in the 1990s.

"In the same way, AI will further transparency and efficiency, and enable more refined analysis such as understanding your market share of a retro layer," de Benoist predicted. That, in turn, will create the conditions for new product development.

Looking ahead to 2026, the competition between carriers to modernise their underwriting and analytics capabilities will become a race. "The real divide will be adaptation at speed," he said. As ESG reporting and new aviation schedules take hold, reinsurers and retro are becoming more demanding in terms of data excessiveness and granularity.

"Cedants that are not adapting will struggle to buy coverage, even in this relatively soft market. It's a game-changing process."

Ultimately, de Benoist believes the reinsurers that seize this opportunity will win better retro terms, sharpen their decision-making and open the door to innovation.

"Technology will enable them to be more efficient and generate more analysis, provide more information to their retro, get better terms and eventually drive new innovation in terms of product," he concluded. ●

Antonin de Benoist is chief operating officer of Allphins. He can be reached at: antonin.debenoist@allphins.com

RISK MODELS

Verisk invests in new models

KEY POINTS:

- Global atmospheric circulation model to launch
- Carriers will see global correlation of risks
- First \$250bn loss year in next decade

The next breakthrough in risk models will offer re/insurers the ability to understand correlations between weather-related risks globally better by leveraging global atmospheric circulation models, risk modelling company Verisk has claimed.

In 2027, Verisk will unveil a new European windstorm model. It will be the first to leverage the work it has done, in partnership with the University of Texas Institute for Geophysics, to build a reliable global atmospheric circulation model.

"For the first time, re/insurers will be able to see the correlation between different global events. They will be able to see the global effects of something like El Niño and La Niña," Giovanni Garcia, senior vice president and head of international business development, Verisk, told *Baden-Baden Today*. El Niño and La Niña are the warm and cool phases of a natural climate pattern called the El Niño-Southern Oscillation (ENSO).

He explained that building such a global model has been challenging. The advances that have made it possible now are a combination of greater available computer power and the use of machine learning. The European windstorm model will be the first to leverage the technology but all models updated or developed after this will do the same.



Yörn Tatge (left) and Giovanni Garcia

“For the first time, re/insurers will be able to see the correlation between different global events (such as) the global effects of something like El Niño and La Niña.”

Yörn Tatge, senior vice president and managing director, Verisk, said the atmospheric circulation model will be important to carriers because it will also help them better craft their global portfolios to account for any interconnected risks.

"It will allow them to better understand correlations and better integrate diversification," he said. "It is not a revolution but it is an important evolution for risk models."

Garcia also flagged the fact the company is actively investing in new solutions in other ways. It has unveiled plans to launch the Verisk Synergy Studio, a cloud-native catastrophe modelling platform, in 2026. He noted that this will offer greater flexibility, speed and scalability to allow clients to handle complex catastrophe modelling tasks better.

Another significant development was the company's acquisition of Nasdaq subsidiary Simplitium, which owns and operates Nasdaq Risk Modelling for Catastrophes (NRMC). This is a SaaS platform that supports more than 300 third-party models.

NRMC is powered by the OASIS Loss

Modelling Framework, the industry standard for open-source catastrophe risk modelling. Garcia noted that clients will be able to evaluate more views of risk and look at potential losses through different model lenses.

All this comes against a backdrop of fast-rising annual cat-related losses for the industry. In September, in its 2025 Global Modeled Catastrophe Losses Report, Verisk revealed that global modelled insured average annual property loss (AAL) from natural catastrophes has risen to \$152 billion.

This means that in any given year the insurance industry should now be prepared for total annual insured property losses from natural catastrophes that far exceed that amount.

Garcia noted that while there is a natural focus on the impact of client change, the bigger reason for the increase are factors such as inflation, urban expansion and increasing event frequency. He also noted that there is now a 90% probability there will be a \$250 billion loss year in the next decade. "That sounds a lot but as long as the premium side is growing to match that, the industry can cope," he said. ●

NEWS

LM Re names Andreas Blossche as head of Northern Europe

Liberty Mutual Reinsurance (LM Re) has appointed Andreas Blossche as head of Northern Europe. Based in Cologne, Blossche will report to Eric Sugier, chief underwriting officer, property, LM Re.

Following the retirement of Hans Van Oort, Blossche will assume full responsibility for the region after spending two years as deputy head of Northern Europe. He will lead the team in the region across all property and casualty lines, while also overseeing strategic

development throughout the Northern European markets.

Blossche was involved in the opening of LM Re's Cologne office in 2003. He has 30 years of re/insurance experience, including 20 in P&C treaty reinsurance.

Sugier said: "We are delighted to announce Andreas's step up to head of Northern Europe, and have faith in his extensive professional and personal expertise built across multiple decades at

LM Re. His deep market knowledge and experience, including his involvement in strategic working groups and projects, will be invaluable in helping LM Re achieve its goals in the region.

"We would also like to thank Hans for his dedicated service and wish him all the best in his retirement. He has been instrumental in laying the solid foundations that LM Re continues to build upon in Europe and beyond." ●

GROWTH

Driving capacity in ASEAN market is key

Malaysian Re is pushing into new markets while reinforcing its strategic role at home, says CEO Ahmad Noor Azhari Abdul Manaf.



Resilience demands striking the right balance between global ambition and local responsibility. This is the view of Malaysian Re's president & CEO Ahmad Noor Azhari Abdul Manaf, who told *Baden-Baden Today* that while international diversification was key to growth, the company's first duty was to remain a strong and reliable partner at home.

But Ahmad Noor Azhari also has an ambitious target. "We want to be a billion-dollar company by 2030. That will give us the means to enter new markets." Over the next 12 months, success will be measured by deeper domestic relevance, stronger regional influence and selective global expansion.

The reinsurer has recorded modest, but steady, growth in the past year, a performance that the CEO says reflects discipline in underwriting and a strategy of diversification.

“From the underwriting perspective; our business is still on the uptrend.”

"We managed to record good growth, driven by our recalibration of portfolio expansion to the international markets and continued growth in selected fields such as specialty lines," he explained.

The company's trajectory remains positive despite investment market volatility and currency fluctuations. "I'm happy to see the performance from the underwriting perspective; our business is still on the uptrend," Ahmad Noor Azhari said, which was thanks to a commitment to proactive risk management and careful reselection of risks.

Looking ahead to 2026 renewals, he described the regional market as "competitive but stable." He believes the battle will be

KEY POINTS:

- Domestic leadership underpins regional growth
- Diversification is core to resilience
- ASEAN collaboration boosts capacity support

fought on pricing rather than terms, with capacity continuing to grow, especially from ILS. "For us it is both a concern and an opportunity," he admitted, emphasising that Malaysian Re's smaller size allowed it to be more nimble.

That agility is matched by a strategic role closer to home. He is clear that Malaysian Re's mandate is not just financial, but developmental. "We look at ourselves as a more strategic partner: we provide expertise to the market, training and new products and are trying to build up the local expertise in managing flood exposure," he explained. The company is also exploring new solutions such as family retakaful, cyber, agriculture and SME flood covers to close gaps in protection.

These efforts align with the expectations of stakeholders who have pushed for deeper involvement in building national resilience. Malaysian Re has responded by investing in modelling capabilities and forging closer links with peers across ASEAN. "It is one of the biggest economic areas, so there is a real opportunity for us to grow. By taking a leadership role, we will be able to help everybody within the region," Ahmad Noor Azhari stated.

International ambitions remain high on the agenda. "Historically, our portfolio was heavy on domestic. Now we are slightly bigger on the international front," he noted. He views diversification – both by geography and by line of business – as the bedrock of stability. The reinsurer is now writing more in Europe and Oceania and has its eye on Latin America, while prioritising

casualty, liability, family retakaful and health. Despite this outward push, Ahmad Noor Azhari stressed the importance of retaining dominance at home. "We are the national reinsurer. We cannot forsake the domestic market. We are dominant, with a strong share of the market, and must provide expertise, technical know-how and underwriting capability," he observed. This domestic leadership provides the consistency and efficiency that clients expect.

ESG considerations are also shaping strategy. Malaysian Re has embedded climate risk management into operations and launched initiatives such as a renewable energy pool to support ASEAN's transition. "We have aligned ourselves with the regional agenda," Ahmad Noor Azhari said, citing opportunities in wind and solar energy across Indonesia, the Philippines and Vietnam.

“We are the national reinsurer. We cannot forsake the domestic market.”

Growth, he insisted, must be balanced with responsibility. "Although we are seeking to be a global player in the future, we still remain in Malaysia. This is the market that we have been in for the past 50 years. We are a leading player here, and we have to be mindful of the challenges ahead, especially climate-related risks," he concludes.

From earthquakes in Myanmar to flooding across ASEAN, Malaysian Re sees its role as helping the region face future exposures together. ●

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GROWTH

Stronger and smarter 30 years on

As competition sharpens, TransRe aims to stand out with discipline, innovation and people power, says EMEA president Julien Mollinier.



“We don’t expect to receive many gifts during the renewal season,” said Julien Mollinier, president of EMEA at TransRe. For him, the upcoming renewals season will be anything but straightforward.

“The environment is likely to be a little more competitive, so we expect more complicated trading conditions overall,” he told *Baden-Baden Today*.

TransRe marks its 30th year in continental Europe at a time when the reinsurance market faces complex and shifting dynamics. The milestone underlines the importance of discipline, innovation and growth, and Mollinier emphasised that balance would be key: “The risk landscape remains very rich, and we would expect everybody to be reasonable and balanced.”

“We want to run towards those risks. We don’t want to run away.”

Casualty business is at the heart of TransRe’s global strategy, accounting for around 70% of the company’s premium income worldwide. The majority of exposures are in the U.S., and Mollinier explains that the goal has always been to try and diversify. Within EMEA, focus on regional business is the top priority, and to support that, the company appointed a new head of casualty for the EMEA region earlier this year.

Macroeconomic uncertainty also looms large. Asked about the interplay of inflation, interest rates and geopolitical volatility, Mollinier insisted on the need for discipline: “The excess of capital in the market is going to drive more competitive terms and conditions overall for 1/1.

“We tend to forget about the complexity

KEY POINTS:

- TransRe continues to invest in EMEA platform
- Certain classes and territories offer strong growth potential
- The risk landscape remains rich; discipline is crucial

of the current risk environment, so discipline shall remain at the core of everything we do.”

Weather challenges, inflationary pressures and potential interest-rate reversals all require vigilance. Innovation provides another area of focus and Mollinier spoke of the transformational benefits and huge opportunities that came with AI.

Many clients are already using the technology to cut costs and improve decision-making, and TransRe is following suit. “We’re investing in those technologies carefully but we think it’s a major opportunity to improve data ingestion to make better, quicker decisions and also drive efficiency.”

Yet AI brings its own risks, and Mollinier highlighted the need for legal frameworks and industry-wide awareness, warning against AI being like silent cyber. He feels companies should identify exposures, quantify potential risks and approach AI proactively, otherwise “we run the risk of waking up a little too late”.

Growth opportunities remain firmly on the agenda. Mollinier pointed to the Middle East, particularly Saudi Arabia, which is “booming from an economic standpoint”, and where TransRe has invested in new leadership to build its portfolio, as Mollinier firmly believes there will be opportunities in the future.

Regional casualty is another area of focus, as is structured solutions, where TransRe can leverage its AA+ financial strength to support capital-relief transactions. “We would like to be perceived as agile and part of the solution; as a partner that is going to provide answers and food for thought.”

Building a team capable of delivering on those ambitions has been a priority since Mollinier took on his role two years ago. “We are investing in the team. People make a difference in our industry. We want to have best-in-class underwriters,” he explained, adding that combining product expertise with strong market and cultural knowledge had been central.

“We have very different cultures in the region, so you need people able to speak different languages, to understand different legal frameworks.”

The approach is already paying off. TransRe’s premium income has grown over the past two years, and Mollinier sees more headroom. “We want brokers and cedants to realise TransRe is a reinsurer of choice in the EMEA region, and a player to partner with for the future.”

“People make a difference in our industry. We want to have best-in-class underwriters.”

At the same time, casualty market dynamics in Europe present real challenges. Mollinier cited unusual severe losses in the motor sector, significant PFAS litigation risk and claims inflation spreading beyond the U.S. “We’ve had a series of severe motor claims, not bodily injury but physical damage. PFAS is a growing concern. Claims inflation is not U.S. specific – it is happening in Europe as well.”

Yet far from shying away, Mollinier said TransRe embraces those risks. “We want to run towards those risks. We don’t want to run away. That’s our area of expertise. We are here to support clients and want to help them quantify and address those challenges.” ●

Julien Mollinier is president of EMEA at TransRe. He can be reached at: jmollinier@transre.com

GENAI

Re/insurers ramp up GenAI adoption

Nine out of ten business insurance customers are interested in taking out generative AI cover and two thirds say they would pay up to 10% more on their premiums.

That is according to a report published this month by re/insurance think tank Geneva Association, which found that 71% of those surveyed had implemented GenAI in at least one function, up from 33% in 2023.

Of the GenAI risks identified, cybersecurity concerns ranked highest, followed by third-party liabilities and operational disruption.

Geneva Association highlighted six potential insurance solutions for GenAI risks ranging from policy extensions and endorsements to dedicated, standalone coverage.

Extensions and endorsements were identified in cyber insurance, professional liability (E&O), directors' and officers' liability, intellectual property and product liability.

Dedicated and standalone cover identified included comprehensive, standalone coverage bundling multiple Gen AI-specific exposures into a single policy.

Geneva Association surveyed 600 corporate insurance decision-makers/influencers across the six largest insurance markets (China, France, Germany, Japan, the UK and the US) for its Gen AI Risks for Businesses report.

The reason why businesses are so keen to add GenAI cover to their policies and pay up to 10% more for the privilege of doing so can be seen by the explosive growth of GenAI.

Currently, ChatGPT alone processes two billion queries daily, averaging 190 million daily users or 2,200 visits a second. In September, ChatGPT alone had 800 million weekly users,

KEY POINTS:

- Businesses willing to pay extra for GenAI cover
- Allianz, Zurich, WTW make AI investments
- AI-driven agents to transform insurance sales and service

double the 400 million in February this year. In the month leading up to Baden-Baden, re/insurers including Allianz, Zurich and WTW took significant steps toward the adoption and implementation of GenAI systems and solutions.

Zurich brought in experts out of retail and fintech to spearhead digital transformation and drive the adoption of AI. Terry Powell and Christina Ghetti joined Zurich as group chief technology officer and group head of digital employee experience, respectively, with Powell driving infrastructure, systems and efficiencies and Ghetti concentrating on employee adoption.

Allianz has taken the bold step of a newly created role of head of AI in the organisation. Data transformation expert Mansoor Reehana was appointed to oversee the delivery of enterprise-scale AI and machine learning platforms, fostering cross-functional collaboration and ensuring ethical, scalable deployment of AI solutions.

And WTW announced that the latest version of its end-to-end rating and analytics software, built specifically for the insurance industry, Radar 5, will offer a suite of advanced capabilities, including cutting-edge generative AI techniques, to provide unprecedented speed



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and agility for pricing, portfolio management, claims and underwriting. It said the software would have the capability of generating billions of quotes in a day.

Meanwhile, New York based insurtech Inshur named tech veteran Guy Farley to its UK board of advisors to accelerate its autonomous vehicle and AI strategy.

Another profound statement came out of AI insurtech Superagent AI, which in August said it wanted to launch the first fully autonomous AI insurance agent by the end of 2025, replacing traditional agents.

Superagent AI said its AI promises to handle every aspect of insurance advisory, sales and customer service, around the clock and more efficiently than traditional agents.

While it admitted that its bold claim sets the stage for intense industry debate, it asserted that AI-driven insurance agents will outperform human counterparts in accuracy, responsiveness and customer satisfaction. The company said it predicts that within the next year, traditional insurance agent roles will drastically evolve or risk obsolescence. ●

REPORT

Structured credit and political risk market spikes 8.8%

Given the increasingly geopolitical uncertainty around the world, the structured credit and political risk insurance market has swelled by 8.8% in just six months.

That's according to the latest Gallagher Specialty market update on structured credit and political risk insurance, which pegs the marketplace with an aggregate single-deal capacity of \$13.6 billion compared with \$12.5 billion just six months ago.

Political risk market capacity now stands at

\$3.6 billion, compared with \$3.4 billion in January this year, while commercial trade risk capacity has increased from \$3 billion to \$3.4 billion.

While there has been a steady increase in capacity over the years, recently, a significant amount of new capacity has appeared in the form of managing general agents (MGAs). Despite the difficult geopolitical environment and high levels of sovereign debt, including several defaults, this wave has meant rates have remained steady or softened, the percentage of gross margin taken by insurers

is now consistently lower than in previous years, insurers are moving into different client sectors and lending classes to grow their premium base.

In addition, cover can be found on an increasing number of Lloyd's syndicates, companies and countries.

The Gallagher report drills down into several at-risk countries, flagging Mozambique and Libya as territories of concern, and giving muted support for Ghana, Morocco and South Africa. ●

CAT

Global insured cat losses down 72%

Global insured catastrophe losses in the third quarter of 2025 were at their lowest since 2006, partly due to the quiet hurricane season, according to global broker Aon.

From July through September, insured losses reached just \$12 billion, 72% below the 21st-century average, Aon revealed in its Global Catastrophe Recap – Q3 2025 report. Only two events topped the billion-dollar threshold, compared with an average of five for the quarter.

The muted quarter produced an insurance protection gap of 66%, slightly narrower than the long-term average of 71%. Aon cautioned, however, that ongoing damage assessments could lift final loss estimates.

The US accounted for 82% of global insured losses, with severe convective storms (SCS) driving 88% of those totals. SCS remained the costliest peril through the first nine months of the year, inflicting \$57 billion in insured losses, the third-highest total on

record for the period. Wildfire losses were also severe in 2025. The Palisades Fire alone generated \$23 billion in insured losses and \$32 billion in total economic losses, helping push global insured wildfire losses to above \$40 billion.

Despite fewer headline-grabbing catastrophes, aggregate insured losses for the first three quarters hit around \$114 billion, well above the long-term average due to the outsized impact of earlier US events. Nearly 90% of global insured losses originated in the US.

Elsewhere, Myanmar, neighbouring countries and China suffered the highest uninsured losses, largely from earthquakes and seasonal flooding. Global natural disasters claimed around 18,000 lives, mostly from earthquakes and heatwaves, 66% below the 21st-century average, Aon noted.

On the capital side, global reinsurance capacity hit a record \$735 billion as of June 30,

2025, bolstered by \$121 billion in alternative capital and \$54 billion in outstanding catastrophe bonds, nearly 20% higher year-over-year.

In total so far this year, 22 events surpassed \$1 billion in insured losses.

Michal Lorinc, head of catastrophe insight at Aon, said: “The record-low protection gap observed in the first nine months of 2025 highlights the growing role of insurance in helping communities recover from natural disasters. While this progress has been driven largely by high insurance penetration in the US, it underscores the opportunity to expand similar levels of protection globally.

“Achieving this requires continued investment in region and peril-specific tools, collaboration with a broad range of capital providers and partnerships with governments and other stakeholders to ensure risk is effectively transferred and managed wherever it exists.” ●



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PRICING

Commercial rate softening 'unsustainable'

KEY POINTS:

- Global property fell 8% YoY, casualty up 3%
- Falling prices outpace rising cost of risk
- Demand less stable amid 'uneven' economic growth

Commercial rate trend might be falling below the longer-term trend in cost of risk as an "uneven economy" slows corporate activity, but strong re/insurer capacity continues to compete for that dwindling market space, Marsh McLennan CEO John Doyle has claimed.

"Today we see decreasing property/casualty prices, but also a growing cost of risk," Doyle said at the company's third quarter earnings call on October 16. "Over time, this trend is unsustainable."

Unsustainable or not, momentum will continue short-term. "Barring significant changes in large loss activity as well as [in the] broader macro environment, we anticipate the insurance and reinsurance market conditions seen so far this year will likely continue into 2026."

Those include a 4% year-on-year decline in the Marsh global insurance market pricing index, Marsh's proprietary market read that skews towards its larger-cap client base.

Component rates in the index were said to be down 1% in the US, 3% in Canada and mid-single digit in the UK, EMEA, LatAm and Asia.



Pacific accounts were listed down double digit.

By class within the index, global casualty rate increased 3%, with US excess casualty up 16% reflecting "continued pressure in the liability environment," Doyle reported. Global property fell 8% y-o-y after a 7% decline in Q2. Mark Q3 workers comp rate down 5% y-o-y and global financial and professional liability down 5%, he said.

Strong market capacity is playing the short-term trump card in the game. "Strong" returns for carriers have piled funds into the capacity side of the equation and Marsh broadly sees a "competitive market".

The capacity surge and reach for the market is especially visible in reinsurance, Doyle indicated. "With ample capacity, increased competition is driving reinsurers to look for profitable ways to deploy capacity," he said. Record cat bond issuance in 2025, some \$17.5 billion in limit in the first nine months, is further pressuring property cat. Casualty reinsurance likewise has "sufficient" capacity.

The demand side is considerably less

stable amid "uneven" economic growth, fuelled by a host of macroeconomic uncertainties, Doyle suggested.

"We are seeing a bit of hesitancy from our larger clients in the US," Doyle told call participants. "We have a client, on average, that is being a bit more defensive in this environment."

That supply-demand balance might be a mismatch to longer-term cost-of-risk drivers. Exposure to extreme weather, the "rapidly rising cost of liability" in the US and elsewhere and rising health care costs "are big pressure points", rising at rates that are "much higher" than GDP growth, Doyle noted.

Pushed to say if those economic headwinds and challenges to rated adequacy spelled slowdown for Marsh McLennan organic growth, Doyle moved to spin a tale of Marsh resiliency and market positioning. He swore off giving early guidance for organic growth in 2026 as "every year comes with different opportunities, different challenges."

"I like how we are positioned," Doyle said. "We are confident in our ability to execute across different economic cycles and different P&C cycles."

In the third quarter, Marsh McLennan took a mere 3% underlying annual growth from its risk and insurance services business, with growth bent lightly towards primary broking at Marsh, especially outside of North America, over Guy Carpenter's reinsurance broking business, the group said in its Q3 earnings statement. ●

LEADERSHIP

'Time to review and refresh': AXA shakes up its top team

Re/insurer AXA has reshuffled its top leadership at what its CEO calls the "right time to review and refresh" the team ahead of its next strategic cycle.

From December 1, 2025, Guillaume Borie, currently CEO of AXA France, will become global head of finance, strategy, underwriting, risk and technology, reporting to group CEO Thomas Buberl and taking over from Frédéric de Courtois.

Mathieu Godart, CEO of AXA P&C and partnerships in France, will succeed Borie as CEO of Axa France and join the group's management committee, also reporting to Buberl.

Karima Silvent, group chief HR officer,

has been named deputy general secretary, overseeing HR, audit, compliance, AXA EssentiALL and GIE AXA, reporting to George Stansfield, group deputy CEO and general secretary.

Matthieu Caillat, COO, is appointed group chief technology & AI officer, taking over as group operations CEO from Alexander Vollert. He will join the management committee and report to Borie.

Buberl said: "AXA is well on track to deliver its current plan 'Unlock the future'. As we launch the preparation of our next strategic cycle, this is the right time to review and refresh the group's leadership team to ensure we pursue our strong growth

trajectory and accelerate the transformation of our operations. By leveraging internal talents with outstanding track records, I am confident we will continue to successfully deliver on our priorities and to create value for all our stakeholders.

"I would like to congratulate Guillaume, Matthieu, Mathieu as well as Karima on their new and important roles. With these changes, which confirm once again our deep internal talent pool, we have a very strong team in place for the next phase of Axa's success. I want to sincerely thank Frédéric de Courtois and Alexander Vollert, who have decided to step down from their positions, for their contributions to AXA." ●

EARNINGS

Brokers face headwinds on organic growth

Brokers are increasingly likely to settle into mid and even low single-digit organic growth rates, unable fully to offset macroeconomic challenges and softening rates across many lines, analysts at Bank of America Securities are warning investor clients ahead of the Q3 earnings season.

“Several brokers have noted headwinds on organic growth from macro challenges and softening property rates,” the bank’s experts said in their lead-off outlook in response to investor concerns that the post-pandemic days of “high single-digit-plus” organic growth might be gone, stating: “We expect long-term growth at mid to low single digits going forward.”

Across the spectrum of major US players, the bank is forecasting almost exclusively organic growth rates lowered to 4% to 5% year-on-year in Q3, often in line with management guidance, with downside and deceleration warnings outweighing hints of gain throughout the report.

Aon could hit a 5% organic growth rate in Q3 to catch the bottom side of the management-

guided range, but with commercial broking “under scrutiny” as organic growth rates there have lagged that of most peers in the quarter.

Aon has worked to offset investor concerns over the impact of macroeconomic uncertainties with hints of select upside performance areas, notably construction, analysts note. Likewise, organic growth rates at recently acquired unit NFP, with more of a

“Several brokers have noted headwinds on organic growth from macro challenges and softening property rates.”

mid-market focus, “could trend higher” than those from Aon’s core large-cap business, though management has spoken more of “comparable” growth to date.

BofA pegs Marsh McLennan at 4% organic growth for both Q3 and the full year, with

analysts reiterating “challenges to expansion in organic growth and margins” in the outlook. Fiduciary investment earnings might further drag the headline number down.

Baldwin has been, and could fractionally remain, an outperformer vis-à-vis the group, but gets a call-out for the negative impact of macroeconomic uncertainty. BofA pegs it at 5.5% organic growth, a slowdown to double-digit prior readings after management slashed guidance after the mid year. “We expect moderation of growth into 2026-27 as Baldwin’s revenue base expands and nominal GDP growth decelerates,” analysts wrote.

BofA pegs organic growth of 4% in Q3 at Brown & Brown on way to a 4.5% y-o-y reading for FY2025. “We expect organic growth to slow moving forward to historical levels in the mid single digits as inflation and nominal GDP growth decelerate,” analysts told investors.

At Willis Towers Watson, expect organic growth at 5%, but focus is still skewed for the recently-troubled broker more towards margins and cash flow. ●

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RISK MODELLING

Underwriting discipline a concern

Pricing direction could potentially dominate the conversations at Baden-Baden this year, and softening will also be a core theme.

Exactly half of all respondents expect broad-based softening, with rates easing across most lines and regions, to be the defining talking point, signalling a notable shift in sentiment after two years of hard market firmness. “The tone has changed – discipline is still expected, but competitive pressure is creeping back in,” said one senior reinsurer, noting that clients will likely test the market’s appetite for flexibility.

A further 38% expect selective softening by region, peril or client quality, suggesting that while the overall mood might ease, underwriting will remain highly differentiated. Only 13% pointed to pockets of firming in specific niches, highlighting that upward momentum is now the exception rather than the norm. These figures indicate a market clearly anticipating movement, and negotiation, at the upcoming renewals. The absence of votes for “recalibration” highlights that most players expect a meaningful shift in tone.

Looking beyond Baden-Baden, the industry’s strategic worries for 2026 paint

KEY POINTS:

- Softening sentiment shifts tone
- Geopolitics sharpens risk focus
- Execution beats vision in 2026

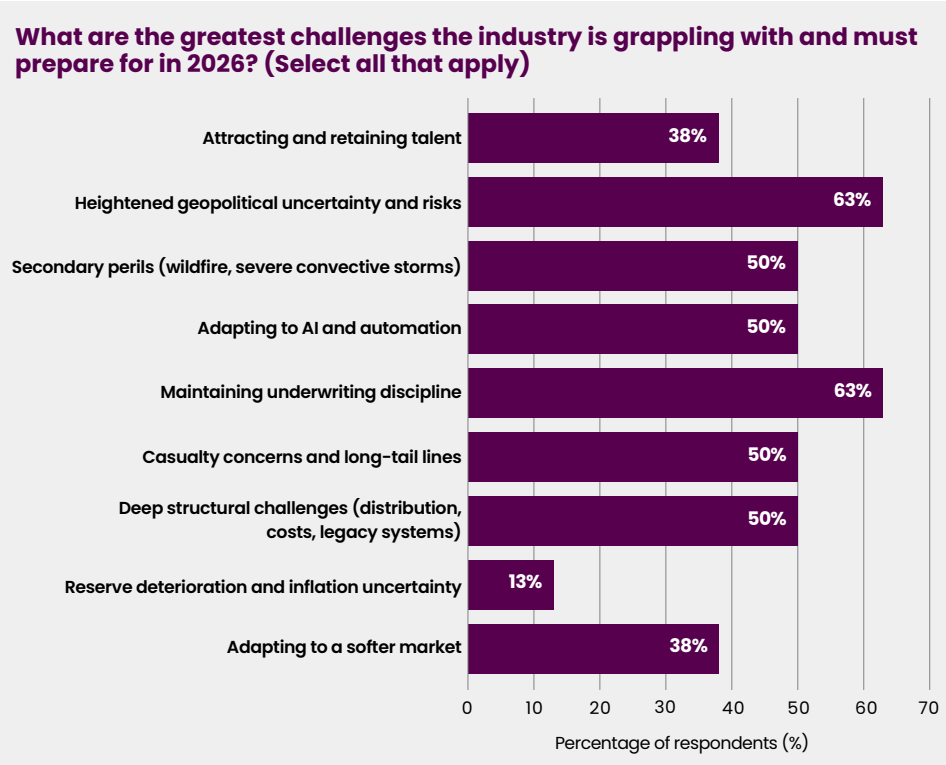
a picture of a sector managing both market cycle shifts and deeper structural pressures. Heightened geopolitical risk and maintaining underwriting discipline were the top concerns, each cited by 63% of respondents. With elections, conflicts and trade tensions reshaping global risk dynamics, reinsurers appear acutely aware that volatility could return even as pricing softens, creating a complex environment to navigate.

A cluster of issues such as secondary perils, AI and automation, casualty risk and structural legacy challenges, each drew 50% of responses, exposing the sheer breadth of operational and risk-led transformation under way. “We’re moving from crisis management to long-term adaptation, but with tighter margins, execution matters more than vision,” noted one European market CEO.

Interestingly, talent retention and preparing for a softer market were each cited

by 38%, confirming that softer pricing will test not just capital strategy but also leadership, culture and technical differentiation. Meanwhile, only 13% flagged reserve deterioration and inflation uncertainty, perhaps reflecting growing confidence in reserving or a belief that other challenges are now viewed as more immediate.

With Baden-Baden upon us, the mood is one of cautious repositioning. Softening might bring opportunity, but it will also expose weaknesses in strategy, technology and talent, making clarity of execution the real differentiator going into 2026. ●



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TUESDAY
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