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MONTE CARLO TODAY

Capacity generated by retained earnings will hold its ground on discipline: Munich Re

DEMAND FOR REINSURANCE IS CLIMBING and supply is abundant. But in contrast to previous cycles, capacity in this market is largely self-funded by incumbent carriers' earnings rather than a new wave of third-party capital. Because of this, underwriting discipline, especially on US casualty, remains a red line.

That is the perspective of Carsten Prussog, member of the supervisory board at Munich Re and chief executive officer for the UK, Ireland, Netherlands, and Nordics. "Demand remains high because exposures are continuing to go up," Prussog told *Monte Carlo Today*.

To illustrate this, he points out that globally insured catastrophe losses have risen exponentially in recent years. These totalled $140 billion in 2024, making it the third most expensive year on record. These losses were also significantly higher than the 10-year average of approximately $94 billion. Equally, some $80 billion of insured losses in the first half of 2025 were the second highest on record. 4


Carsten Prussog

NO GOING BACK: Lloyd's Turk vows no return to Decile 10


Rachel Turk

ENTHUSIASM FOR DEPLOYING CAPITAL through Lloyd's is moving to a more substantive footing, with more deals emerging. But discipline and good business planning are now critical as rates soften in a "fragile" market, which must not be allowed to "return to the days of Decile 10", Rachel Turk, chief of market performance, Lloyd's, has vowed.

"There is a real high level of enthusiasm for Lloyd's among capital providers; people interested in forming risk-taking vehicles at Lloyd's. Many of those conversations started a few years ago, but are now substantive," Turk told *Monte Carlo Today*.

"Investors are clear on what they want to do. They understand London Bridge 2 and want to deploy capital at Lloyd's, whether that's through funds or some other capital transaction. Everything feels more tangible compared with last year."

She notes that London Bridge 2 has now facilitated some 20 transactions. "So the concept really has been proven. It has been used in a variety of ways; the structure works, 6

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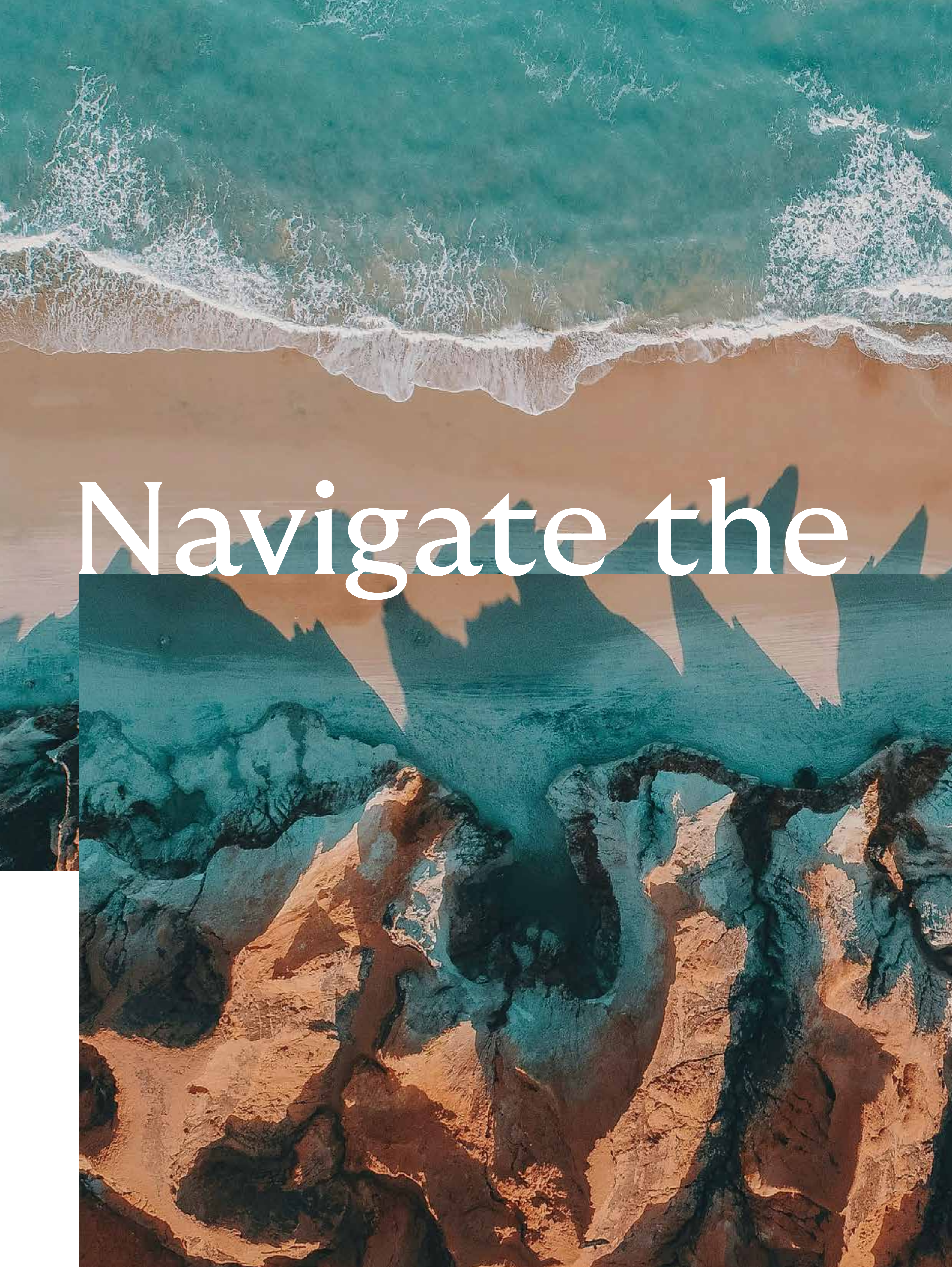

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COVER STORY

How retained earnings capacity can hold its ground

KEY POINTS:
- Nuanced picture on rates
- US casualty remains a concern
- Opportunities for growth exist

←1 But the supply side is keeping pace with demand. He said there are healthy levels of capital in the market, something illustrated in the 1/4 and 1/7 renewal. "But it is predominantly capacity produced within the industry by retained earnings; there's no fresh money coming into the industry."

That, he thinks, is "actually positive – traditional players are reinvesting into the industry after many years where the cost of capital were not sufficient".

A split market

Prussog also paints a nuanced picture when it comes to market conditions. He expects line-by-line divergence to define the next round of renewals, with differences emerging also based on geography in some cases.

"I expect there will be lines which continue to need strengthening – US casualty, some specialty lines, marine. Other lines will be more competitive," he said.

> "Some lines will need strengthening – US casualty, some specialty lines, marine. Other lines will be more competitive."

On property, the picture varies greatly by region and loss experience. He anticipates programmes in the UK and the Netherlands with long benign loss histories will press for lower rates. In contrast, business written in Italy, Germany and parts of the US, hit by recent wildfires and other events, will still justify a firming of rates. "It's not that you can just brush over [these losses]," he said.

On UK motor, he believes the cycle "is about to harden again" after a profitable spell but subsequent rate reductions.

Turning to US casualty, a concern for many players and big talking point at Monte Carlo this week, his message is unequivocal – like many players, he is wary. "We have a very cautious stance," he said. "Looking at social inflation, the backlog of open cases in court, we feel comfortable with our book; however we sense the market might need more reserves to cover this adequately."

Crucially, he notes that claims development patterns in US casualty business are not improving. "We currently don't see that the development patterns are getting shorter… there is always room that those claims grow, given inflation."

Independent data supports that caution. S&P Global Market Intelligence reported significant adverse reserve development in US liability lines in 2024, with a notable share relating to recent accident years underscoring the extent of social inflation and the fact that reforms are slow to come to pass.

No growth for growth's sake

This is why Prussog's watchwords on casualty are consistency and patience. Munich Re will only trade capacity where risk-adjusted returns clear its hurdle. It will walk away where they do not, he said.

"We're very technically driven. We're looking at where the opportunities are, but if we are looking at business which we don't deem technically appropriate, we're more than happy to walk away."

Despite this hard line and caution, Munich Re does eye growth opportunities in some areas of the market. But it is looking for specific attributes.

"It's a question of where we see sufficient profitability and return on capital. It's hard to say where that will be – it might be regions, or specific clients," he said.

"Even within an industry, some clients may be extremely profitable, some less so. So it's really then a client-by-client discussion of where we want to engage, where we can continue to grow. It's difficult to say 'property North America', it doesn't work that way."

But he makes the point that where conditions are right, Munich Re is ready – and has the balance sheet to back this up. "We are in a good position to provide significant capacity, totally independent of retro for long-term partnerships."

Munich Re's balance sheet underpins that stance. Prussog pointed to the group's Solvency II ratio of 287% at year-end 2024, well above its internal target range of 175%-220%. This figure is based on €54.3 billion in Total Eligible Own Funds (EOF) against a solvency capital requirement (SCR) of €18.9 billion as of December 31, 2024.

This is all "comfortably above the group's optimal range" band, Prussog said. He highlighted that sensitivity tests indicate this ratio remains robust under interest rate, equity market and credit spread shocks, and even under a severe Atlantic hurricane. There is ample headroom to support clients through volatility, he said.

1/1 checkpoint

Turning to the January 1 renewal, Prussog is deliberately measured. It is "still early", he points out, given active hurricane forecasts but the absence (so far) of major landfalls.

That uncertainty matters in an industry focused on risk: competitively priced property layers in no-loss territories can whipsaw in pricing if a big event hits late. "There is capacity in the marketplace," he concedes, "and we have seen [that] on the property side," but the final tone for 1/1 might be event driven.

But there is a bigger picture he points to. There might be stiff competition in property-cat but a bigger strategic opportunity could sit in closing protection gaps – though ideally

> "If we are looking at business which we don't deem technically appropriate, we're more than happy to walk away."

without importing undue systemic risk. Prussog highlighted that as much as 40% of natural catastrophe losses remain uninsured; when it comes to cyber risk, the insured share is in the low single digits.

"There is a reason for it," he cautioned. Unlike nat cat, cyber lacks global diversification; it is aggregation prone and potentially systemic. The industry's instinct to be cautious is therefore justified, he believes, but so, too, is the need to innovate to stay relevant.

"We as an industry should provide solutions to stay relevant and give the opportunity to insurance to provide respective cover."

MONTE CARLO

Rendez-Vous attracts new agendas

Broader strategic conversations are expected at RVS this year, as attendees diversify beyond reinsurance leaders.

For decades, the Rendez-Vous de Septembre had been seen as the reinsurers' stage – a forum dominated by pricing discussions and treaty negotiations ahead of the 1/1 renewals. But in more recent years, it has attracted unexpected guests, including talent, claims and technology specialists, and financial institutions outside the re/insurance sector.

Emma Crookes, global head of the insurance vertical at Aon, says there has been a recognition that the event can act as a platform to help re/insurers address a broader range of challenges.

"The evolution of Monte Carlo is very interesting," she told *Monte Carlo Today*. "Given the level of investment required by firms, those who attend the conference need to add real value to discussions. While the bulk of the conversations still tend to be around reinsurance strategy and capital optimisation, there have been strong moves into other areas, which reflects that clients are multi-faceted, complex businesses."

A few years ago, the industry was in the middle of a "talent crunch", particularly in the London market. Topics such as talent, technology and capital management are finding a place alongside the traditional focus on reinsurance strategy.

"For the first time, our talent colleagues were engaging with Monte Carlo, and there were more conversations around technology that can drive performance. That was new because it's always been so financially-focused," Crookes said, noting that the conversations have broadened in ways that made the event more strategic for Aon's clients and partners.

"We're being asked this year by clients in other industries for guidance on attending Monte Carlo, and that's new."

She believes the conference has become a place where strategy, risk and talent issues intersect with reinsurance, with "a wide spectrum of people interested in attending" to help address or solve a range of challenges.

KEY POINTS:

- Talent and tech enter RVS agenda
- Clients want growth or steady profitability
- New joined-up M&A solution emerging

Perhaps the most striking, recent example of this integrated approach, Crookes pointed out, was M&A. "We've combined our reinsurance transaction expertise with consultancy teams for due diligence, human capital, pensions, investments, health plans and insurance.

"This summer we worked on an offering that unites all those capabilities into a single M&A proposition. Now, when clients ask what we can do, it's not just about making a series of introductions: we can support the entire process, particularly on the buy side, drawing on our knowledge of the companies they are targeting."

> "It is important we really understand what insurers are trying to achieve holistically as a business."

Crookes's remit at Aon is to connect reinsurance with their commercial risk, human capital, strategy, technology and consulting and Inpoint teams. At Monte Carlo, that means helping bring those conversations together. "While we offer a huge range of services, everything starts with listening to the client's needs," she said. "It is important that we really understand what insurers are trying to achieve holistically as a business and then offer a relevant and focused solution."

For reinsurance leaders, Crookes and her colleagues work to knit together the different strands of Aon's capabilities, whether around capital management, talent consultancy or technology transformation, into solutions that align with insurers and their clients' ambitions.

Value beyond growth

Not every insurer wants relentless expansion, stressed Crookes. "We have clients who are more subdued with their growth plans, as they feel that profitability could decline as a result of expansion. So it's not solely about growth, and our core aim this renewal season is to discuss with clients what they need to achieve their strategy, typically around their capital and reinsurance placements, as well as how they can achieve any targeted growth, profitably."

To elaborate, instead of being seen as a broker playing one small role in a transaction, Aon now pulls together due diligence, human capital, pensions, benefits, reinsurance, D&O and liability coverages into one proposition. "We have a good working knowledge and insights around the companies insurers or investors are considering buying so we feel we can bring increased clarity to a potential transaction," she said.

Crookes's message to reinsurers gathering in Monte Carlo: expect the conversations to be wider, deeper and more strategic than ever. In other words, it is no longer just about renewals. It is about rethinking what partnership between insurers, reinsurers and brokers could look like.

Emma Crookes is global head of the Insurance Vertical at Aon. She can be contacted at: emma.crookes@aon.com

LONDON

No going back: Lloyd's Turk vows no return to Decile 10

KEY POINTS:

- Lloyd's enjoying fruits of hard work
- Strong interest from new investors
- 'Why are you not in Lloyd's?'

←1 it is efficient. That has led to a high level of interest."

The dilemma now is managing new investors and new business plans at a time when rates are softening. Turk does not believe the situation is critical – yet. "Yes, rates are softening, but we're still in a rate-adequate environment across the majority of lines. We are risk-aware, not risk-off. It is a question of picking intelligently through the market. But our focus must be on rate adequacy and profits margins. There are still plenty of opportunities for smart underwriters but we also need to exercise caution."

The good news is, however, Lloyd's now has better tools to work in a constructive way with syndicates much earlier. That should mean there is, indeed, no need to ever repeat Decile 10, a market-wide initiative launched in 2018 to address poor underwriting performance. Syndicates were ordered to fix or exit the worst-performing 10% of their portfolios.

"We are now in a very different place with our oversight regime, which makes a huge difference," she said. Since 2022, Lloyd's has introduced principles-based oversight, which moves from prescriptive rules to a set of 13 'principles for doing business'. This provides an outcome-based approach to supervising managing agents and syndicates, something Turk says is a far better system.

"You're able to differentiate between the quality of the businesses; there are those that have a demonstrable ability for portfolio optimisation. They can talk to us about rate adequacy, how they allocate capital between various lines. With those, I can be more hands-off. It's not all about looking at a plan, it's about looking at capabilities and their planning process."

Businesses unable to demonstrate such capabilities will experience a different approach. "In those cases, the process becomes more intrusive and invasive. But we've shifted to much more continual performance oversight. That means we have a better sense of what businesses are trying to do, what their capabilities are and what capabilities they might be building.

"That is a big shift from what previous people in a similar role to mine had at the same point of market cycles. I feel I've got more tools, and more sophisticated tools, this time around."

On describing the market as "fragile", Turk explains that she is referring to its return on capital. Over the past seven years leading up to 2024, this has averaged 7.6%, a figure boosted by a stronger performance in 2023 and 2024. Turk believes a 7.6% return is not high enough for most investors, many of whom expect double-digit returns.

"So when I say the market is fragile, I am talking about how the return on capital. It illustrates that we cannot let slip on discipline now. We can't just accept a slow march down on rates. There's plenty of opportunities for growth. But we cannot chase growth at all costs."

> "There are still plenty of opportunities for smart underwriters but we also need to exercise caution."

No return to bad times

She says the key to this is discipline, which is ultimately what slipped to the point Decile 10 was necessary. She describes that period as a "really painful" one for the market and something "we never want to go back to".

It is not just about rates. Discipline must also hold on terms and conditions. She notes that there is talk about aggregate covers in Monte Carlo this year, something Turk is sceptical on. "It feels like there could be an asymmetry of information. But you have to look at all parts of a structure. Attachment points, retentions; we must maintain discipline. If everything this year just renewed as it was last year, that would be a good result. The market could really benefit from some genuine stability."

Finally, Turk also has her sights set on the oversight of delegated underwriting authorities, which represent in some form some 40% of business in the market. She acknowledges that the term "delegated authorities" is a "very broad church" and includes consortia, single broker facilities, line slips, cross-class broker facilities and coverholders, all of which have different risk profiles.

She describes the "flavour of the month" as index-based cross-class broker facilities, a market structure where brokers place a portfolio of diverse risks that are then structured and underwritten by a syndicate based on an external index. She believes this is a structural change rather than a cyclical trend.

But she wants to ensure bad practice, and a lack of discipline, do not slip through the net. Her job is to ensure they are writing business at sustainable rates.

"We need to ensure everybody writing those facilities have lead capabilities, and that they're able to have constructive conversations with brokers to manage their exposures," she said. "That's one of the things that I'm able to manage." She warns that increased delegation can risk over-capacity and put downward pressure on rates.

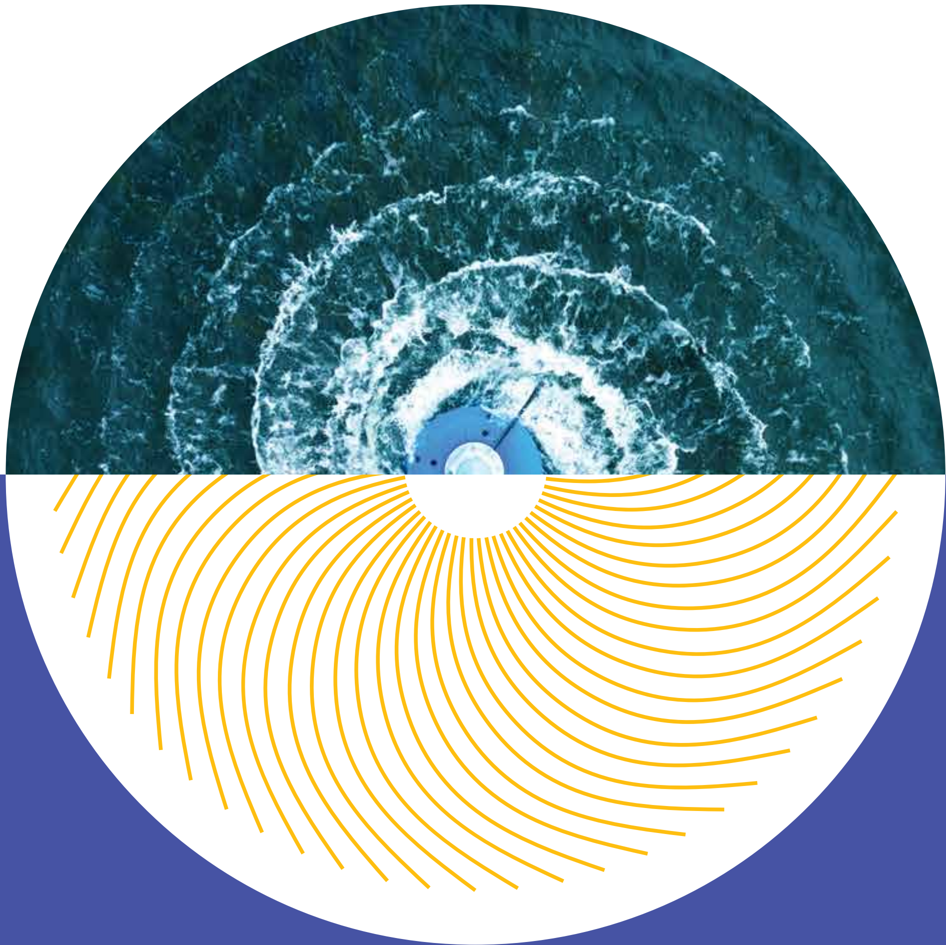
Slew of capacity enters

The final point on her substantial to-do list is to keep a watchful eye on the cyber market. She describes this as a huge opportunity. But she also has concerns.

First, demand has not increased as quickly as anticipated by a slew of capacity that entered this space. "So you've got a supply-demand balance, which is driving down rates. Rates started at very high levels, but there is a large degree of uncertainty around cyber from a modelling perspective. That means a greater uncertainty margin needs to be factored in."

Secondly, she argues the cyber market has not truly been tested yet. She describes CrowdStrike as a "lucky escape". She added: "The watch for me is how will it actually respond to a big event."

Finally, she regards systemic cyber as a concern, though also an opportunity. "This is an untapped market opportunity. I would love to see the market create a product that addresses systemic cyber rather than trying to exclude it. The challenge when we exclude things is that customers would like them covered. That's where I'd like to see some genuine product innovation."



CASUALTY ILS

Casualty ILS gains class recognition

KEY POINTS:

- Casualty ILS enters mainstream
- Investors seek diversification
- Data quality still a challenge

Casualty ILS has shifted from a niche concept to a recognised asset class, and few know the journey better than Bob Forness, CEO of MultiStrat.

"We were kind of a lone voice in the market when it came to casualty ILS," Forness told *Monte Carlo Today*. "We've dealt with ILS casualty for 12 years; now we're seeing our work come to fruition."

The past decade has also delivered important lessons. Forness highlights three.

"First, investors want diversification to balance volatility. Second, service is never 'done' – you can always do better. And third, the industry still struggles with data quality and the speed of everything. Contracts, legal agreements, premium flows – they all take too long, which slows down returns for investors."

For MultiStrat, that has reinforced the need for better analytics, technology and disciplined execution.

MultiStrat has responded by expanding beyond casualty into select property and specialty lines. The firm is working to create new committed capital funds, moving away from what Forness calls an "on-demand" approach. "We're very focused this year on shifting our capital to a committed capital facility basis," he said.

> "The industry still struggles with data quality and the speed of everything."

For Forness, growth is underpinned by people. MultiStrat has expanded from a small founder-led team into three integrated groups – reinsurance, capital and operations.

"By having an integrated team of professionals across those disciplines, and investing in more talent in each area, we're able to significantly grow the company," he noted. Yet he stressed this year is about steady growth as the post-acquisition business beds in: "Next year, when all that talent and capital comes on line, we'll be able to take another significant step up."

Culture is equally important. "To build a new segment in an industry, you need people with expertise, work ethic and entrepreneurial spirit. But you also need a culture of respect where people work well together," he says. Mistakes are inevitable when innovating, but adaptability and loyalty set strong teams apart.

Looking forward, MultiStrat is investing heavily in analytics and data-driven underwriting. "The industry still struggles with data quality and the speed of everything — it takes too long to execute reinsurance transactions and move premium flows," Forness warns. By building its own models and analytics, MultiStrat aims to remain highly selective, writing only what fits its disciplined approach.

Amid all the technology and capital market evolution, Forness returns to a simple truth: "What's most important to me is disciplined underwriting, investor focus and service. It sounds simple, but it's the foundations that matter."

And in re/insurance, foundations are built on relationships. "Casualty underwriting, like the rest of P&C, goes through cycles. It's important to be a long-term partner," Forness says. "Whether with a carrier, a broker or an investor, these relationships are critical."

RISK

Certa unveils increase in its available Lloyd's primary risk capacity

Certa, a tax and contingent risk specialist and Lloyd's Coverholder, has revealed a material increase in its available Lloyd's capacity for non-US primary tax risks, which will now reach up to £157 million (€200 million) per insured.

This development means Certa now offers the largest primary line size in the market, enabling the company to offer material capacity to clients and trading partners. In October 2023, Markel International acquired a 49% stake in Certa.

Tom Cartwright, co-founder and head of underwriting at Certa, said: "We're delighted to have secured this additional support, which is testament to the strength of our underwriting, our team and the trust our partners have placed in us. With this expanded capacity, we are uniquely positioned to offer even more substantial solutions to the market."

> "This additional support is a testament to the strength of our underwriting, team and partners' trust."

Edward Beckwith, co-founder and CEO, added: "At a time when capacity is shrinking in many areas of the market, this is a strong endorsement of our strategy and performance to date. We're deeply grateful to our capacity providers for their continued confidence – it reinforces our position as the leading tax underwriting MGA globally."

MARKET

Allianz Trade enjoys 10% rate reduction

KEY POINTS:

- Allianz Trade works with 18 reinsurers
- Places a book of business worth €1bn+
- Head buyer des Cressonnières retiring

A combination of an elongated period of writing a very profitable book of business and abundant capacity competing for business is benefitting Allianz Trade, its buyer told *Monte Carlo Today*. But it remains committed to long-term partnerships and will not entertain opportunistic capacity.

That is the perspective of Benoît des Cressonnières, global head of reinsurance, Allianz Trade and CEO of Euler Hermes Reinsurance, part of Allianz Trade. Attending what might be his last Monte Carlo, as he retires on September 30, he explained how the business is benefitting from 10% rate decreases. "But we deserve that if you look at our performance," he said.

Allianz Trade, which brought Euler Hermes under its brand in March 2022, is an international insurance company offering a range of services including trade credit insurance, debt collection, surety bonds and guarantees, business fraud insurance and political risk protection.

Expansion on surety

Des Cressonnières now works closely with the team at Allianz Re, which manages the reinsurance of the Allianz Group, to

"Allianz Re understand what we need and how we operate."

maximise relationships with reinsurers. It works with a panel of some 18 reinsurers, an increase in recent years due to the business growing and specific expansion on the surety side. That panel is broadly similar to that used by the Allianz Group, though its parent has additional relationships for certain risks.

"We are now part of the reinsurance team in Allianz Re, which works really well," he said. "They understand what we need and how we operate. It means we have even deeper relationships with our partners."

Through Euler Hermes, he manages several quote share agreements directly. The non-proportional reinsurance placement, worth around €1 billion, is handled through Allianz Re. It also has a stop loss layer of protection in addition to these.

He stresses that its core trade business has been very stable and very profitable for some time. It adjusts its risk appetite in response to market conditions. Bankruptcy for the larger companies it works with remain at low rates. That said, trade credit is not a fast growing market, which is why it has turned its attention for surety in recent years.

When he retires, Des Cressonnières will be succeeded by Philippe Dessèvre, currently chief financial officer (CFO) of Allianz Trade.

BUYER

Ariel Re to establish Syndicate 2006, splits out property-cat

Ariel Re, which has offices in Bermuda, London and Hong Kong, has been given 'approval in principle' from Lloyd's to establish a new Syndicate, 2006.

As a result, from 2026, Ariel Re will be separating its Lloyd's business into two syndicates: existing Syndicate 191 and the newly formed Syndicate 2006. It is also launching a clean energy offering under the name Ariel Green.

Ariel Re was formed 20 years ago this year, the new syndicate number is in recognition of the fact that 2006 was the first year of business for the company.

The reinsurer said its new syndicate will have a portfolio of property catastrophe; other property; marine and specialty; cyber and clean energy business (trading as Ariel Green).

From 2026, Syndicate 1910 will only underwrite property catastrophe reinsurance, aligning to its ILS peer group in Bermuda, but with advantages of being

"We seek to better appeal to our target capital base by offering differentiated investment products."

a rated Lloyd's carrier. Ariel Re plans to begin quoting on behalf of Syndicate 2006 on December 1, 2025, for binding effective January 1, 2026.

"We are excited to expand our presence in the Lloyd's market with the launch of Syndicate 2006," said Ariel Re managing agency managing director Darren Lednor.

"Lloyd's is fundamental to our strategy, and with this new syndicate, we are seeking to better appeal to the demands of our target capital base by offering differentiated investment products.

"We are seeing strong interest from existing as well as potential new investors, and we expect Syndicate 2006 to be accretive to Ariel Re in 2026, and as the syndicate grows in 2027 and beyond."

RISK INTELLIGENCE

Time for integrated risk intelligence

Swiss Re's Jonathan Rake explains why integrated risk intelligence is key to resilience and growth.

In an era of mounting volatility, from increasingly severe natural catastrophes to growing regulatory pressures, insurers face unprecedented challenges. Swiss Re Risk Data Solutions CEO Jonathan Rake sets out how integrated risk intelligence can strengthen resilience.

What risks are insurers struggling with most today?

The list is long and growing. For instance, insurers are looking for ways to select better risks in the face of heightened nat cat volatility; how to underwrite precisely when secondary perils are changing so quickly and whether their pricing is keeping pace with real exposure and evolving loss trends.

They also want to monitor accumulation in real time and support clients before, during and after a loss event. These challenges demand a combination of advanced models, dynamic monitoring and actionable insights that allow insurers to make decisions consistently across underwriting, pricing, accumulation and claims.

How should insurers adapt to rising secondary perils?

Secondary perils such as severe convective storms, floods and wildfires, already account for most insured nat cat losses. According to Swiss Re Institute, severe convective storms generated more than $31 billion of insured losses in the first half of 2025 alone.

That scale underscores the need for more innovative solutions. Insurers increasingly rely on high-resolution hazard intelligence, peril-specific calibration and tools that support decision-making as events unfold. At Swiss Re, for example, our CatNet® Suite offers overlays for hail and storm footprints, alongside live event monitoring, which allows insurers to visualise exposure and take real-time action.

We're also developing forward-looking tools like lightning hazard models and biodiversity risk scores to anticipate risks before they become systemic.

KEY POINTS:

- Swiss Re expands risk tools
- Insurers seek better risk selection
- Tech aids regulatory compliance

Beyond perils, how is technology changing risk management?

Latest technology enables insurers to connect hazard data, pricing models and portfolio insights in ways that weren't possible before. What matters most is integration. Delivering insights when and where they are most needed – within underwriting systems, for example – is more valuable than standalone tools.

Application programming interfaces (APIs) now allow underwriters to assess location-specific risks instantly and monitor their accumulation dynamically. Technology also supports regulatory readiness and climate disclosure frameworks, ensuring insurers can adapt not only to emerging risks but also to rising reporting expectations.

> “Today's challenges demand advanced models, dynamic monitoring and actionable insights.”

What impact is integration having on insurers?

The most important change is confidence. Insurers can move from fragmented data points to decisive action. We see them embedding our real-time risk scores into daily underwriting, adapting portfolios in line with climate-adjusted realities or using accumulation APIs to reduce exposure concentrations before they escalate. Some are partnering with our risk consulting and analytics team to align strategy with growth ambitions. The result is more consistent and faster decision-making that directly improves resilience and profitability.

How does Risk Data Solutions fit within Swiss Re?

Risk Data Solutions expands Swiss Re's value beyond risk transfer by equipping insurers, corporates and the public sector with data, models and advisory to make smarter decisions earlier in the risk lifecycle. We help clients navigate volatility, manage portfolios with precision, and build resilience, strengthening Swiss Re's role as a full-service reinsurer and strategic partner.

What prompted the creation of Risk Data Solutions (formerly Reinsurance Solutions)?

This was a direct response to evolving needs in the market. Today insurers, corporates and the public sector alike demand highly differentiated solutions that meet their specific needs for strategic insight, technical guidance and actionable risk intelligence. Risk Data Solutions brings together Swiss Re's combined expertise in these fields in one focused unit.

What's next for the unit?

We are scaling in three directions. First, by expanding peril and regional coverage so our models are globally relevant while tailored to local realities. Second, by embedding insights more broadly, supporting underwriting, pricing, accumulation, regulation, and post-event response across insurers, corporates, and the public sector. Third, by building a unified platform that integrates data, models, APIs, and advisory services giving each segment easier access to advanced capabilities, simplifying complexity, and enabling smarter, faster decisions across the risk value chain. ●

Jonathan Rake is the chief executive officer of Swiss Re Risk Data Solutions

COVERAGE GAP

Lack of dialogue spurs coverage gap

KEY POINTS:

- Insurers too reliant on past data
- Conversations on innovation lag
- Emerging sectors need coverage

The re/insurance industry faces a fundamental challenge: it isn't asking the right questions about emerging industries. Technological advancements are rapid, as is the protection gap with insurers hesitating in the face of limited data. That is according to Joseph Ziolkowski, CEO of Relm Insurance.

"Emerging industries and technological innovation require backing from the insurance industry to continue to evolve. But the industry has been conditioned to rely on historical data to assess risk and underwrite solutions. This approach means if there's no data, there's no predicted future and thus no coverage."

That reliance on precedent is stifling progress. Ziolkowski argues, "If we can acknowledge that the data doesn't exist, can we still underwrite these companies for the different types of exposures for which they are seeking protection? And our answer has always been absolutely. But it does require a non-standard approach, deeper engagement, a lot of transparency."

The proposition is simple but challenging; insurers must lean on subject-matter expertise, not just actuarial models. Every submission

Joseph Ziolkowski

from an innovator is a data point in itself. "Every submission that comes in the door represents additional data, another wrinkle in the brow of how these sectors are rapidly evolving," said Ziolkowski. Over time, these accumulated cases can inform the algorithms the industry relies upon, but waiting for perfect data before acting leaves industries stranded.

"Innovation is always going to outpace capacities. But at what point will capacity start closing the gap?" Ziolkowski asked.

He said: "Innovation around blockchain brought a lot of salacious headlines, but the core underpinning of the technology is basically as follows: disintermediation, accessibility, immutability and efficiency." The problem is that across financial services and global logistics, intermediaries and inefficiencies create friction at every turn. Emerging technologies are solving those problems, but insurance remains a potential bottleneck.

"The inability to access insurance coverages is, in some cases, a complete deal-closer for innovators as those looking to raise capital require commercial contracts and financial regulation, all of which require insurance, directly or indirectly."

Insurers need to shift perspective, accepting that innovation is fast moving and not always measurable by traditional methods. It means partnering with innovators rather than keeping them at arm's length. Ziolkowski cautioned that "the conversation in the re/insurance industry isn't keeping pace".

Drilling down, Ziolkowski questioned: "From a ratings agency standpoint, is there any consideration for admitted asset credit, for fiat-backed stablecoins?" In Bermuda, regulators have already allowed collateralised reinsurance backed by digital currencies. This regulatory and financial innovation could open new pathways for capacity.

"If the traditional alternative capital markets don't have an appetite to support emerging and complex risk, should we be looking toward this new asset class of investors that are looking for credible, legitimate yield, to solve real-world problems? Can we use transparent reinsurance infrastructure in a similar fashion to create capacity? These conversations should be happening." ●

START-UP

Guernsey regulators in talks with multiple reinsurance start-ups

The Guernsey Financial Services Commission is in talks around licensing new commercial reinsurance start-ups in the jurisdiction.

There have been a stable number of commercial reinsurers based in Guernsey over the past few years at between around 40-50, however the jurisdiction does boast the joint largest number of captive insurance companies in Europe, with 197 at the end of 2024.

But Guernsey Finance chairman Paul Sykes told *Monte Carlo Today* that with these potential start-ups, plus several existing commercial insurers seeking a rating, and new entrants bringing new business to the jurisdiction, he is expecting Guernsey's reinsurance market to grow.

"Compared to the size of the captive industry, its smaller, but it's catching up," Sykes said. "We have seen a host of new managers set up that are introducing new business."

Howden, Davies and Marco Re have all established an insurance management presence in Guernsey over the past couple of years, and Sykes said these have been strong additions that have brought in and incubated new start-ups.

With these large names coming in, Sykes anticipates it will "accelerate the momentum" Guernsey has established as a finance centre.

Investor interest

And he also pointed to general market factors that will encourage more interest in reinsurance and capital solutions.

"I think as we see a softening market and also see interest rates coming off and inflation not coming off quite as much as countries would like, investors are going to find that commercial reinsurance becomes attractive again, certainly with the returns on cat bonds, which have held up for a long time, but also private capital now out-performing cat bond investment returns," he said.

"We are seeing a bit of a renaissance for collateralised reinsurance, and its diversification effect, as well as the absolute returns on investor capital, which is now attractive again after probably its high-water mark some 10 years ago." ●

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STRATEGY

How to outperform a soft market: Aon

KEY POINTS:

- Broker's three key success traits
- Don't be vulnerable to acquisition
- Role of AI in future underwriting

"Speed and responsiveness... really score competitive advantage."

Reinsurers that are crystal clear about their strategy are the ones which will outperform rivals in a softening market.

So says Paul Campbell, global growth officer at Aon's strategy and technology group.

"Strategic clarity is key if you want to thrive in a softening market," Campbell told *Monte Carlo Today*.

Campbell, who has been with Aon for 22 years, bases his thinking on data the global broker has crunched on 120 re/insurers over the past 20 years, representing about $2 trillion of gross written premium.

And it is not just a question about being laser-focused on your company's strategy but also being clear about what types of business you do not want to get into.

"We can see some common trends in the carriers that outperform the market over time," Campbell said. "The most important trait is absolute clarity over strategy and making difficult choices over where they should not be... reinsurers should avoid an opportunistic or tactical approach."

Both reinsurers and specialty insurers have been absolutely clear about their strategy have outperformed the market.

Campbell said it was not so much a question of woolly thinking that has cratered some of the biggest names in the re/insurance industry over the years, so much as standing still which leaves you open to acquisition.

Campbell identifies three traits common to reinsurers that have outperformed the market: speed and responsiveness, understanding client needs and harnessing data and technology.

"You need to respond swiftly to trends that are out there," said Campbell. "The world is changing fast and becoming more complex, and that creates opportunities to create new products. Having speed and responsiveness to bring new products to market and really score competitive advantage.

"Investing in gathering and structuring gathering data, using AI to generate useful insights to really understand clients is really important."

The rise of automated and augmented underwriting and algorithmic underwriting means that it's very important for carriers to have clear strategies about how they will respond in the market, said Campbell.

However, Campbell does not see humans ever being written out of the re/insurance equation, despite the apparent launch of at least one fully AI underwriter without any human involvement.

Said Campell: "I can't see humans ever being replaced fully by AI. I have grown to understand and appreciate why this is a people business. Trust and loyalty are very important facets. Human behaviours are a really important part of how to outperform in a market cycle."

RATES

US commercial rate disparity ebbs as rates broadly stabilise

US commercial insurance rates are coalescing across classes as the market stabilises throughout the bulk of 2025 with recent outliers continuing to migrate towards the mean, the latest reading of the Ivans Index has indicated.

A simple mean of all six commercial classes tracked by Ivans shows the annual growth rate flat at 6% since March, a record low dating to Q3 2023. Counting out the long-softening outlier of workers' comp, average renewal rate growth has navigated a tight 0.1 point range, last at 7.5%.

Along the way, rates outside the ever-softening workers' comp have coalesced, showing the tightest range and least variance by class since points in late 2022.

Commercial auto is the latest outlier to correct downwards towards peer classes, following a major nine-month downward correction from mid-2024 in commercial property. Rates for the slow-growth segment of general liability, in turn, have recently jumped from the very bottom to the top of their long-term range.

Rates for umbrella policies remain the most buoyant, up fractionally in August to 9.0%, highest among major classes and remain most clearly within the mid-term range set since a bout of volatility in mid-2024.

Those in general liability, still a downside outlier overall, rose 0.9 points in August to 5.9%, up a full 2.2 points from the local low in March and within striking distance of levels not seen since Q1 2024.

Rates in commercial auto came down a notable 0.8 points in August to 7.2%, a two-year low, bringing the YTD deceleration to 2.8 percentage points.

Commercial property, the biggest mover after the mid-2024 volatility spike, was down fractionally for the second month in a row in August to 7.8% and has held a tight half-point range since March.

Mark rate growth for business owner policies (BOP) and workers' compensation largely flat to their long-running trend.

Ivans releases its commercial insurance pricing index of premium rate renewal changes on a monthly basis. The Ivans Index measures the premium difference year over year on single consistent policies based on data of more than 38,000 agencies and 600 insurers and MGAs.


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RISK

Antares leaders flag talent gap, AI risk

KEY POINTS:
- Restructure gives clarity
- Mid-level talent gap emerging
- AI poses structural shift

A few years ago, Antares rebranded from Qatar Re and Syndicate 127, streamlining five entities into three: a Lloyd's syndicate, a UK insurance company and a Bermuda reinsurance company. In 2024, the business went further, aligning into commercial, retail and legacy divisions.

Speaking exclusively to *Monte Carlo Today*, Michael van der Straaten, CEO of Antares Global, and Mark Graham, CEO Antares Commercial Division, explained that drivers were clear: "We aimed to present a less complex picture to the market. Now it's much more consistent and transparent, effectively one team in two places."

For brokers and clients, that means a single, clearer access point. Internally, it also sharpens accountability.

The clearer division of responsibilities allows Antares to manage risk more proactively. By aligning commercial, retail and legacy teams under defined roles, the firm can allocate resources efficiently, monitor exposures in real time and adjust underwriting strategies quickly as market conditions change.

But Antares is cautious about overplaying the expansion narrative. "If we maintain growth momentum, we're happy," van der Straaten said. Graham added, "when the opportunity comes, we put a foot to the floor, but otherwise, just steady."

> "When the opportunity comes, we put a foot to the floor, but otherwise, just steady."
>
> Mark Graham

Michael van der Straaten (left); Mark Graham

That discipline reflects a broader theme across the reinsurance sector: a desire for growth tempered by lessons from previous cycles.

With growth comes the requirement for talent backing, which raises concerns for van der Straaten: "There seems to be an older band and a younger band, but the middle band is missing." Succession gaps could become more visible. The firm has responded with graduate pipelines, school-leaver schemes and leadership development. Still, the challenge is industry-wide, and the skills gap is seen as a structural risk.

AI: structural shift

Emerging risks dominated much of the discussion, with AI taking centre stage.

"AI is both a risk and an opportunity. The biggest risk is missing the opportunity," said van der Straaten. Unlike blockchain, which fizzled after initial excitement, AI is seen as a structural shift in how risks may be underwritten and analysed.

Antares has trialled "intelligent follow" models to face emerging risks: "We set parameters that we will underwrite to then automatically get a follow line against the lead syndicate specialist in a class," explained van der Straaten.

Outlook: cautious optimism

Despite the uncertainties, Antares looks toward 2026 with a bullish approach. "We've seen wildfires, we've seen problems, and we've dealt with them. No one likes change, but we can embrace it," van der Straaten said.

The market is steady for now, but the combination of AI evolution, structural clarity and looming talent challenges suggests the next cycle could hinge less on capital and more on capability. ●

NEWS

AIG likes reinsurance; prefers to pay them than put margin at risk

US P&C carrier group AIG cannot be shaken from its conviction that reinsurance buying is only ever a zero-sum game between reinsurance cost and product pricing, offset at best by dumb luck at cat time, CEO Peter Zaffino has said.

"I like the predictability of volatility containment and I don't like to be at the whim of what happens with the weather or hurricanes, or wildfire," Zaffino told a gathering of equity market analysts (September 3rd).

AIG fought its way through the 2023 market reset without sacrificing the low retentions that evaporated for the vast bulk of the market. Low retentions and aggregate programmes became a rarity.

"Why would reinsurance costs be that much more expensive than retaining the risk yourself?" Zaffino said of his own decision to pony up for the security of a stable reinsurance programme.

One way or the other, it has to go into the cost of the product. The difference is the clarity a carrier gets when they load the cost of reinsurance into the price of the product versus putting unknown amounts of margin at risk, he argued.

At the last 1/1 renewals, AIG held its retention flat at a low $500 million on the core commercial property cat XoL treaty for the third straight year, despite underlying portfolio growth and the sharp lift to retention during the 2022/23 reinsurance market reset, officials previously claimed.

AIG had also bragged of expanded coverage on international per-occurrence treaty with attachment points flat, a renewed dedicated occurrence tower for the high-net-worth business attaching at a mere $200 million, and improvements to a $500 million aggregate facility enacted via reduced North America deductibles. ●

RISK

Marine & energy: mind the risk

Richard Miller, managing director, specialty reinsurance at Howden Re, says capacity is abundant, pricing is under pressure but structural shifts in coverage and risk are defining the next phase.

KEY POINTS:

- Clients seek broader MET protection
- 2026 soft, structure shifts matter
- Talent pinch; selective hiring

The marine, energy and terrorism (MET) reinsurance market approaches the final quarter of 2025 in a complex position. Direct market pricing continues to soften across hull, cargo and energy, while reinsurance renewals have followed a similar trajectory.

"At 1/1/25, reinsurance rates were down 7.5% on average, with some risk-adjusted reductions approaching 20%," Miller noted. "By 1/4, conditions had softened further, and that's becoming increasingly common. The retro market has also slipped, with rates down 5-10%. Despite this however, buyers have been increasingly diversifying their products, with quota shares and ILWs reducing more traditional XOL orders. The limited recovery potential now expected from Dali has further underscored the need for a more valuable product."

Competitive dynamics and new entrants

Reinsurers have enjoyed healthy returns from MET for a sustained period, drawing new entrants and fresh capital. The new entrants over the past 12 months have added to a market now approaching $1 billion in maximum line capacity, a significant increase over recent years. Further entrants are expected in 2026.

"Capacity expansion is keeping pressure on rates," Miller explained. "But the real differentiator now isn't balance sheet size. It's execution, technical edge and creativity. Legacy relationships alone aren't enough. New providers are looking for growth and relevance," he said. "That gives us scope to innovate collaboratively with clients."

Risk and event landscape

Losses from the Russia-Ukraine conflict continue to be closely monitored. Miller expects these to have limited impact on broader MET reinsurance pricing. "There will be issues for certain retro players once coverage determinations are made, but excess supply of reinsurance capacity means loss-impacted markets will struggle to push through increases. However, ultimately, loss-impacted programmes will be relatively few."

Coverage is evolving. Broader Russia-Ukraine-Belarus (RUB) war coverage is reappearing in programmes, escalation clauses linked to MENA conflicts have been removed and war, terrorism and political violence definitions are being broadened, both in terms of radius and number of cities included.

"These changes reflect reinsurers' willingness to engage on coverage breadth," Miller said. "Clients are pushing for broader MET protection and markets are now beginning to agree. We've seen that not only on terror-related exposures but also in areas like Gulf of Mexico energy cover."

> "Capacity expansion is keeping pressure on rates… new providers are looking for growth and relevance."

The missing model

Strike, riot, and civil commotion (SRCC) remains an area of weakness. The lack of a dedicated model has constrained the development of bespoke coverage. "The absence of SRCC modelling is one of the biggest blind spots in the market," Miller argued. "It has held back innovation. At Howden Re, we are working on ways to address this in time for Q1 renewals."

Broker positioning and talent

Against this backdrop, Howden Re is working with clients to deliver tailored solutions.

Talent is another pressure point. Dispersion across underwriting and broking has created shortages in both skill and execution quality. Miller sees Howden Re's team as well positioned. "We will shortly be growing from 14 to 15 people, with additional actuarial resource coming on board, with a blend of experience across specialties and geographies. For our size, the depth of relationships we hold is a genuine advantage."

He added that Howden Re's strength lies in integration. "We're working hand in hand with our colleagues in direct, consortiums, programmes, capital advisory and facultative teams. That cross-team collaboration ensures we can address the full suite of capital and coverage issues efficiently for clients."

Outlook: shifting terrain

As 2026 approaches, pricing remains under pressure, but Miller warns the real story is in how the market evolves. "Soft conditions don't negate the risks," he said. "The structural changes under way, from SRCC to WTPV to retro alternatives, will define the next cycle. The winners will be those who anticipate complexity, not just those who compete on price."

For clients, this means the months ahead are not simply about securing capacity, but about finding partners with the technical edge, creativity and collaborative mindset to navigate a market in transition. For Howden Re, the opportunity is clear: to help shape the next phase of the MET reinsurance market by combining global reach, specialised expertise and integrated solutions that respond to risk as it evolves. ●

Richard Miller is a managing director, specialty reinsurance at Howden Re. He can be contacted at: rich.miller@howdenre.com

STRUCTURES

Structural discipline is key: Everest

KEY POINTS:

- Everest committed long-term
- Uncertainty creates opportunity
- Talent tools build future skills

Volatility has become the backdrop of today's reinsurance market, from geopolitical flashpoints to shifting climate patterns. For Everest, that uncertainty isn't simply a headwind – it's a testing ground for discipline, data-driven underwriting and closer client dialogue.

Speaking to *Monte Carlo Today*, Artur Klinger, head of international reinsurance at Everest, explained the resilience of the market position: "The structural improvements introduced two to three years ago appear to be holding. Simply, reinsurers are not prepared to take low layer frequency risk on and clients are also not prepared to pay an additional price for these risks."

Everest continues to emphasise its stability and commitment across markets. "We are built for the long term," Klinger stressed. "We now have more than 50 years of history in the different markets; we've been in the European market for 48 years. We are really committed to staying in the region and providing the support our clients need."

"We feel that the market has become more educated over the last five years."

That long-term view underpins Everest's approach to both market cycles and risk management. "The lesson is, you need to listen to your client to really understand what they need and then focus on areas where we can make a difference."

Uncertainty as opportunity

As ever, risk remains unpredictable – but Everest sees opportunity in that environment. "We are still in an environment of uncertainty," Klinger said. "Geopolitical uncertainty as well as natural perils, mainly hail and flood, remain a concern. But we offer products that transform uncertainty into underwriting opportunities. This means growth opportunities for us, but in order to grow, we need tailored solutions, excess of loss solutions and strategic dialogue to meet the needs of our clients."

That discipline is paying dividends, as clients grow more sophisticated in their own approach to risk transfer. "We feel that the market has become more educated over the last five years," Klinger noted. This is informing decisions that lead to better results: "Many clients tell us the structural improvements two or three years ago help them to save costs in the long run."

Everest has also been investing heavily in risk analytics. Klinger explained: "We constantly update our know-how on climate risk and adjust modelling to align with the latest environment."

Technology more broadly is also reshaping underwriting practices. "Technological advancement helps us in two things," Klinger explained, "it allows us to be quicker in finding the correct answer to clients and offer more adequate options."

STRATEGY

Satellite pacemaker ICEYE looking to develop wildfire parametric

Speaking in a workshop at the Monte Carlo Rendez-Vous, leaders of ICEYE explained how its terrain monitoring satellites are being used by the reinsurance industry.

ICEYE, a provider of synthetic aperture radar (SAR) satellites, is exploring how its tools can be used to develop a wildfire parametric policy.

Stephen Lathrope, ICEYE senior vice president of solutions, told the audience how its satellites are already being used for three parametric insurance arrangements, providing flood data in Accra, Ghana, Lagos, Nigeria and New York City.

Its satellites produce detailed radar-generated images of terrain up to 10,000 square kilometres, before and after loss events to present a quick assessment of the degree of change and areas most affected.

Discussing its applicability to the three parametric products, Lathrope said: "What in those arrangements we do is turn it into tiles, and the trigger is based on, has water achieved a certain depth in those individual tiles.

"It's a strong basis for a parametric arrangement. It's independent in its observation and very fast."

The images are radar-generated, not photographs, delivering accurate images even in smoke. "We're exploring some parametric arrangements now that rely on our wildfire damage detection," Lathrope added. "This is binary; building destroyed or not destroyed."

Lathrope went on to explain how the wildfire offering had been used by clients including FEMA and Aon for Los Angeles fires.

"We are able to do the analysis very quickly. For LA fires we were releasing on a 24-hour cycle, and the power of this is you can see through the smoke day or night and can in real time buildings that you couldn't get close to on the ground being destroyed."

Helene response

ICEYE is now working with more than 40 insurers to generate data quickly on their exposure to a given event. Another recent example of how the satellites have been used by the insurance industry was given by Rupert Bidwell, ICEYE's vice president of insurance solutions, relating to Hurricane Helene in September 2024.

"In Helene, a large tier-one Hartford-based insurer used our data to determine which customers had been most impacted and target the other customers for fast-track settlement, so it could deploy its in-house team to the most seriously impacted customers. This led to improvements in the gross loss and also meant its adjusters weren't burnt out, " he said.

REINSURANCE

Capacity structure is real issue: Arundo Re

Flexibility on price might be on the table at Monte Carlo, but Laurent Montador insists capacity and discipline must remain the industry's priorities.

With risks rising faster than ever and capacity available, reinsurers cannot afford to lose sight of the fundamentals, warns Laurent Montador, deputy chief executive officer of Arundo Re, who told *Monte Carlo Today* the 'real' conversation must be about capacity needed and protection against the next shock.

"Talks will focus on lower premiums and flexible pricing. But cedents need additional capacity, risks are rising and black swan scenarios can happen. It is vital to stay covered."

That warning reflects the delicate balance facing the market; after two years of healthier returns, there is some scope for softening but rising exposures mean reinsurers must hold their discipline. "There was a reset of conditions in 2023 after a decade of inadequate returns on equity for the sector," Montador said. "The returns since 2023 have so far been good, so there is scope for some softening. But we are still facing high nat cat losses, inflationary pressures and social inflation, which is a concern."

The implication, he said, was that reinsurers couldn't afford to swing too far back towards softer structures. After years of "underpriced aggregates and too low bottom layers", programmes with higher retentions are here to stay. "We want to avoid going back to the days when there were many opaque aggregate covers that were difficult to model. That will keep structure as a theme."

Montador insisted that "reinsurers will have to preserve their discipline". While some flexibility on price is likely, he emphasised it would not be cheap capacity. "Insurers are keen to cede more business, but reinsurers will only back those with strong data, transparent risk management and a solid loss record."

That discipline is particularly critical in casualty and specialty lines, where reserve adequacy is still under scrutiny. "Lessons from the past 10 years must be taken seriously, and we need to pay close attention to reserve adequacy," he said. Multi-year solutions and better use of ILS could be part of the toolkit, but only if coverage clarity is maintained.

KEY POINTS:

- 'Black Swan' threats loom large
- Capacity and innovation critical as risks grow
- Systemic risks need public–private answer

Asked about the right role for public-private partnerships, Montador argued that systemic risks could not be managed by the State alone "When we talk about systemic risk, it's pandemics, cyber-attacks, climate-related catastrophes or geopolitical shocks and in different manners, the State intervenes.

> "Insurers are keen to cede more business, but reinsurers will only back those with strong data, transparent risk management and a solid loss record."

"Insurance and reinsurance are part of the solution of course," he said. But for too extreme events with domino effects, public-private partnerships are essential – with State intervention to make cover available for mutualisation, claims management and innovation from the private sector – and with potential State backstops to avoid lack of capacity under specific extraordinary situations.

Examples already exist, Montador noted, from Pool Re in the UK to TRIP (Terrorism Risk Insurance Program) in the US, with discussions also ongoing in Europe. "The solution has to involve the private sector and only above a certain threshold should public forces step in," he said. Cyber in particular might exceed the capacity of private carriers, making regulatory involvement inevitable.

Regulation more broadly is reshaping the global landscape. Montador pointed to Solvency II and similar regimes, ESG reporting and new rules on cyber resilience and AI. These frameworks are both burdensome and protective.

"Regulation is becoming a central force in the reinsurance industry, influencing capital deployment and product design," he commented.

Asked whether capital, talent or technology mattered most, Montador was clear: all three were essential. "Reinsurance is still a business built on trust and financial strength and adequate capital is non-negotiable," he explained. But talent is equally vital as a differentiator: "It is still a people business and there is always competition to attract and retain the best."

Technology, however, might be the real game-changer. "We are convinced that AI and big data are changing the rules of the game and we're preparing our workforce to adapt and proactively use these technologies."

For Arundo Re, it's all about stability and growth. "We are a medium-sized company and our aim is to continue building on our three-year plan. Last year we achieved very strong turnover, this year we are on track for double-digit growth and remain adequately profitable."

With an undiscounted combined ratio slightly above 90% and strong shareholders support confirmed following CCR's exit, Montador said the company is "well prepared for the renewal and ready to reinforce its links with existing clients and to structure new deals with new partners."

Laurent Montador is the deputy chief executive officer of Arundo Re. He can be reached at: lmontador@arundore.com

US CASUALTY

CIS reinsurers step in on US casualty

KEY POINTS:

- Pull back on US casualty
- CIS and Africa reinsurers pick up risk
- US trends could hit non-US casualty

As European reinsurers pull back from US casualty risk, reinsurers in the emerging CIS and Africa regions are stepping in, as they look to scale up their portfolios.

US casualty has been a hot topic at the Monte Carlo Rendez-Vous this year, as ever-growing jury awards and the threat of long tail exposures have reduced appetite for the line, particularly in Europe, and led to a firming in rates.

Speaking to *Monte Carlo Today*, Salman Siddiqui, Moody's head of EMEA insurance, said that while some Bermuda reinsurers have looked to fill the void, reinsurers in the emerging CIS and Africa have also stepped in.

"Because that tower is not being fully filled the way it used to be in the past, it is being filled by names that are not as strongly rated as the Bermudians or Europeans, who have the history with this risk," Siddiqui said.

"But they are looking for an inroad into the world's largest P&C market. Brokers are trying to find ways to fill their towers, so they are going to capacity that they wouldn't have in the past.

Siddiqui said Moody's is closely watching the performance of some of these reinsurers. While he said many of them have talented in-house actuaries, he pointed to them not having the track record with the risk, or the data the larger European reinsurers would have.

"From a primary insurance perspective, if they are buying reinsurance, we want to check the panel quite closely and check if they have exposure to any poorly rated names that historically haven't been your partners," he added.

James Eck (left) and Salman Siddiqui

> "Brokers (from the emerging CIS and Africa) are trying to find ways to fill their towers."

Risk selection

Among Bermuda reinsurers, James Eck, vice president – senior credit officer at Moody's Investors Service, said that with the property market declining, there has been some interest in US casualty, but mostly only in selective areas.

"The ones that are better priced, where they think the pricing is in excess of loss trends, they're deploying more capacity," he said.

Commercial auto, professional liability and public D&O are hard lines where appetite is highly limited, but in general liability and private D&O there is more appeal.

"Companies are trying to pick their spots, but certainly deploying capacity in those tough areas, especially because you can get a decent return on the assets through investment income," Eck added.

Non-US casualty

Siddiqui said that casualty discussions with reinsurers focus heavily on US casualty, due to the size of the market, and non-US liability risk being much lower.

However, he highlighted that the agency is receiving more questions related to non-US casualty, largely centring on whether trends in US casualty will eventually trickle down.

"That's the big concern," he said. "We've seen nuclear verdicts, litigation financing, torts and anti-corporate sentiment."

Siddiqui noted major differences between the markets, chiefly in judicial systems, with judges presiding on awards in Europe, as opposed to juries in the US, and the latter's more litigious environment.

Nevertheless, clients raise some concerns.

"One of the things people mention to us is a lot of the law firms in the US have offices in London and Zurich and Frankfurt. So, all the practices they're picking up in the US they may bring over to the continent over time. We haven't seen that yet, but it may happen," Siddiqui said.

"The other thing is driven by law. In the European Union you have the collective action directives and consumer protection directives, which were enacted a couple of years ago. They have the potential to allow states to sue companies more effectively. Those are ones to watch out for." ●

INSURTECH

Cloud-based insurance Cytora acquired by Applied Systems

Insurtech Cytora has been acquired by Applied Systems, a provider of cloud-based insurance software, to bolster the delivery of its next generation of Digital Roundtrip of Insurance solutions.

Cytora's platform digitises intake and accelerates the policy lifecycle. The acquisition expands its scale worldwide, bringing full-flow digitisation to insurers, brokers and reinsurers across countries, workflows and lines.

Applied and Cytora together expect to enhance insurance AI capabilities to streamline processes and redirect more resources toward profitably insuring more of the world's risks.

Taylor Rhodes, CEO of Applied Systems, expressed that the insurer is "committed to being the leading specialist in insurance AI solutions for both agencies and carriers."

"Our collective technology assets, insurance domain expertise and vast insurance data sets – combined with the power of AI – will deliver speed, accuracy and cost advantages across all the critical workflows involved in the insurance lifecycle," he said.

Richard Hartley, CEO and co-founder of Cytora, said: "Our vision directly aligns with Applied's to connect and automate the Digital Roundtrip of Insurance." ●

GROWTH

Growth is consequence, not strategy

While many reinsurers eye the cycle, MS Re chief executive Robert Wiest insists growth is only a consequence – the real strategy is building partnerships that last.

As reinsurers head into Monte Carlo for another crucial round of renewals, the conversation is once again dominated by familiar themes: falling rates, fresh capital and the pressure to maintain discipline in the face of softening conditions. But for MS Re, that's not the main story.

"We are not interested in only transactional, rate-driven relationships with our cedants; we're interested in long-term partnerships," Wiest told *Monte Carlo Today*. "That includes a fair and honest discussion about how much risk we can take and involves an appreciation of the value that we bring."

Defining the right clients

The key to that approach, he explained, is identifying "like-minded" cedants. "Like-minded means in our world a similar view on the underlying risk," Wiest said. "Do we apply similar criteria? Do we have a similar philosophy when we approach risks? That's one important element."

Equally important is understanding where clients stand in their own cycle. "Some companies might need more support for a while; others have fewer challenges. We spend a lot of time trying to understand that," he said.

The aim is to build relationships where there are no surprises. "No one likes it when a partner suddenly changes position or appetite," he warned. "If you do things properly, with transparency and information sharing, you can usually go through the cycle without too many surprises."

Value first, growth second

That stance has shaped MS Re's growth path. The company has expanded over the past three years, but Wiest is clear this was never the plan in itself.

KEY POINTS:

- Transformation complete
- Appetite to grow in reinsurance
- 2027 and beyond will be 'interesting'

"Our strategy is not based on growth. Our strategy is based on creating sustainable value," he said. "Over the last three years we have grown as a consequence of what we are doing. But it might very well be that the company will shrink at a certain point in time because we may struggle to create value. Growth for us is not a strategic value – it's a consequence."

> "We have appetite to grow in reinsurance, with the right set of clients."

"We have appetite to grow in reinsurance, with the right set of clients," he added, stressing that expansion must be built on aligned partnerships, rather than market share for its own sake.

That distinction, he argued, means MS Re can commit fully to portfolios without overextending. "If we find the right client, we are willing to take a whole-portfolio approach, with the promise we don't run away with the first loss," he said. "Sustainability for us means sharing the risk in the most appropriate way with the right client, to deliver long-term profitability."

This outlook has been underpinned by a two-and-a-half-year internal transformation at MS Re, covering systems, data and processes. But for Wiest, the real test is how clients perceive the company.

"The real measure is: are we creating value for clients? Are we relevant to them in their own portfolio? That is what matters," he said.

The shift is clear, he argued. "We clearly moved from being a company that was known but not perceived as very relevant, to one that is now much more relevant. In some cases, we are on the lead panel of their reinsurance."

To get there, MS Re focused on three principles: know your client, keep interactions simple and be realistic about value. As Wiest put it: "Sometimes the solution you bring is worth $1.10, sometimes only 80 cents. Don't overdo it. Being realistic guarantees you a long-term position with that client."

The road ahead

Asked about the outlook, Weist's view is cautious but optimistic. "Clearly, the next two years – 2026 in particular – I'm looking forward to," he said. "It will still be a positive year, geopolitics and geoeconomics excluded. But 2027 and beyond, that's when it gets more interesting."

"If you talk to MS Re, you will get a consistent story – unfortunately for journalists it's the same story we've told for the last two years," he quipped in conclusion. "But for us, consistency in the relationship with our clients is what really matters.".

PROTECTION GAP

Collaboration to close protection gap

KEY POINTS:

- Cat protection gap persists
- Public sector role vital
- Growth potential for reinsurers

> "We've seen a fundamental shift in how risks are being structured."

As the risk-transfer industry navigates a world marked by economic uncertainty and environmental challenges, the call for financial stability and preparedness has become critical. Industry leaders are increasingly recognising the importance of strategic planning in the face of natural disasters, which have demonstrated their unpredictable nature in recent years.

Speaking exclusively to *Monte Carlo Today*, Miguel Rosa Gámez, chief executive of Mapfre Re, said carriers need to be cautious in the face of growing catastrophe volatility.

"To face this macroeconomic and geopolitical environment, and the impacts of climate change, too, we need strong balance sheets," he said. "Fortunately, this is what we are seeing, but I'd be extremely prudent about being too aggressive with terms and conditions."

Rosa Gámez acknowledges it has been benign for natural catastrophes in Europe so far this year. But he notes was not the case often in recent years, recalling the floods in Germany in 2021, in France in 2022, Italy in 2023 and storm Borsi that hit much of Europe last September.

Rosa Gámez said: "We are seeing an increase in secondary perils, everything from hail to windstorms to wildfires. And in recent years, we've been adjusting structures to account for this. It is important that we keep the discipline in terms of retention here."

Speaking to an example, Rosa Gámez recalls the damage done by Cyclone Dana in October 2024, which caused severe flooding in Valencia, causing a €4 billion ($4.3 billion) loss. The Insurance Compensation Consortium, a public entity in Spain that covers cat events, covered those losses.

With rising incidences of secondary risks posing threats to communities, it's essential to rethink traditional insurance practices. Emphasising collaborations presents prospects not only to enhance protection measures but also mitigate the financial impact of future catastrophes, ultimately fostering a safer and more resilient society.

Rosa Gámez explained: "There's still a significant gap between insured losses and economic losses. If we as an industry could be more active, more collaborative, with governments in order to close this gap, I think there is an opportunity to grow in the market and to help society in the end."

Turning to other lines of business, Rosa Gámez expressed that life, accident and health is going to be a core focus for Mapfre Re moving forward. "We have created, for the first time, a vertical unit to develop the strategy, commercial, technical and underwriting aspects of the life, accident and health business. We are hiring people and forming specific underwriting teams to develop this line of business."

Rosa Gámez expressed that, even with these strategic evolutions, their focus remains client centric. "Our focus is our clients. We don't operate to be opportunistic; we believe in building long term relationships."

This core focus on relationships isn't just outward-facing. For Rosa Gámez, fostering talent and cohesion through the Mapfre Group is vital. "The stability and growth potential we offer makes us unique; we have a very strong culture. Complementing this is the interplay between Mapfre Re and the Group, offering a lot of opportunity."

The strategic focus on enhancing resilience through collaboration and long-term relationships underscores the importance of adapting to the evolving challenges in the industry.

ANALYSIS

Reinsurers remain resilient despite cat losses and uncertainty

Despite an extended period of elevated natural catastrophe losses and ongoing geopolitical and macroeconomic uncertainty, the global reinsurance sector remains resilient and profitable, according to Guy Carpenter.

The broker notes that strong reinsurer earnings, expanding capital, plentiful capacity, and a shift toward more sustainable risk-taking continue to define the market. This sets the stage for cedents to approach the 2026 renewal period with opportunities to secure tailored, high-quality coverage.

Dedicated reinsurance capital is projected to reach approximately $650 billion by year-end 2025. With supply outpacing demand, increased competition is driving reinsurers to look for profitable ways to deploy excess capital. Despite an average of $130 billion in annual insured natural catastrophe losses from 2021 to 2024, reinsurer profitability remains solid. Guy Carpenter estimates reinsurers could absorb up to $80 billion in catastrophe-related losses before meaningfully impacting capital positions.

Dean Klisura, president and CEO, Guy Carpenter, said: "The reinsurance market is strong, seen in record levels of capital and reinsurer returns. Reinsurers' appetite for growth creates an opportunity for innovative solutions that help cedents manage in a volatile world and protect against the increasingly complex range of risks they face."


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LONDON MARKET

Treaty re grows by 10% in London

KEY POINTS:

- Treaty reinsurance sees steep rise
- Driven by North American premium
- Facultative business reduces slightly

> “Growth rate for reinsurance treaties in the London company market continues to outstrip that of the sector as a whole.”

Treaty reinsurance written in the London company market grew by more than 10% last year, new data released by the International Underwriting Association (IUA) has shown. Scott Farley, IUA director of communications, told *Monte Carlo Today* the growth has been fuelled by North American business.

The sector recorded total premiums written in London of £11.98 billion in 2024, up from £10.89 billion the previous year.

Treaty premiums now represent 27% of the market total, compared to a 25% share in 2023. This is the highest proportion for treaties recorded since the IUA began publishing company market statistics in 2010.

Farley explained that while it is difficult to pinpoint the reason for the growth, geographical analysis shows business written in North America has also increased substantially. In 2019, North America represented 16% of the market’s total business; that has now increased to 24%, topping £10 billion in premium for the first time. Partly he attributed the increase to Brexit, which resulted in a decrease in European business being written.

This year’s London company market statistics report is due to be published later this month, analysing all premium income for IUA members by placement type, class of business and geographical origin. An advance preview of reinsurance data has been issued at the Monte Carlo Rendez-Vous.

The figures show the rise in treaty business offset a slight fall in direct and facultative contracts written by companies in London. The latter totalled £31.79 billion in 2024, down 1% from £32.11 billion the year before.

The IUA’s research also measures premium income written in overseas or regional UK offices, but subject to oversight and management by London company market operations. For this ‘controlled business’, direct and facultative placements increased from £4.85 billion to £4.93 billion in 2024, while treaties dripped slightly from £0.589 billion to £0.57 billion.

Farley said: “Our latest data shows the growth rate for reinsurance treaties in the London company market continues to outstrip that of the sector as a whole.

“Overall premium increases in 2024 are much more modest than in recent years as inflationary pressures in claims costs have eased. IUA members, however, remain optimistic about future business prospects with plans in place to grow core business classes and monitor developing opportunities. Strong retention rates for existing clients were reported this year by many firms.”

MARKET INSIGHT

Strong specialty market delivers growth opportunities for reinsurers

The global specialty insurance and reinsurance market is navigating an evolving risk landscape and complex losses, due primarily to shifting geopolitical factors, economic inflation and claims dynamics.

Despite this, the market is healthy, supported by strong fundamentals, such as reinsurer consensus on price adequacy, increased retained earnings, growth in dedicated reinsurer capital and continued appetite for expansion, according to a global specialties market update from Guy Carpenter. New entrants are further diversifying capital sources and greater competition.

The broker predicts a likely increase in demand for capacity with a softening reinsurance and retro market. Clients are expected to seek greater collaboration and alignment with their reinsurance partners, optimising risk transfer strategies through improved pricing, terms and conditions.

> “Our focus remains on understanding our clients’ goals.”

Reinsurers are expected to recalibrate to adapt to the changing risk landscape and market conditions, balancing discipline with pragmatism. There is a sustained appetite for growth, and we anticipate those reinsurers who are willing to offer flexibility, product differentiation and innovation are most likely to prevail.

As the specialty reinsurance market adapts, staying agile and responsive will be essential. “Our focus remains on understanding our clients’ goals and providing the insights needed to develop a tailored strategy and secure the right coverage at the right price.

“Guy Carpenter’s market-leading data and analytics enables our clients to optimise their choice of partners and take advantage of the abundant capacity in this market,” said James Boyce, its CEO of global specialties.

CASUALTY

Time to change the rules in casualty

In casualty, the number of bad years is expanding and the losses in each year are deepening. It may be time to change the rules, writes TransRe's Keith Trigg.

Normally we shy away from gambling analogies when discussing the re/insurance industry, and some will bristle at the comparison. We see ourselves as risk transfer specialists, not adrenaline-seeking risk takers. We sell protection, we don't buy thrills.

While it is hard to generalise about such a deep, wide and diversified market, seasoned observers might know a losing streak when they see one. Calling it 'a soft market' doesn't diminish the outcome, and it is hard to argue professional integrity when we have been collectively trading unprofitably for so many years.

How bad is it? The number of bad years is expanding and the losses in each year are deepening. Now isn't the time to fold, but it might be time to change the rules.

We know how we got here. Covid court closures provided a brief respite but only paused the punishment. The courts re-opened and juries quickly resumed their generous assessment of the size of the pot.

Everything goes up

Two charts tell the tale (view online at www.intelligentinsurer.com/monte-carlo-today). The first shows the annual median of the top 50 US casualty verdicts. Having doubled between 2014 and 2019, they have doubled again since 2019.

The second is based on more than $150 billion of commercial umbrella and excess business we have priced since 2010. In response to median verdicts doubling and doubling again, we (the industry) were slow to react to the first doubling and appear to have been playing catch-up ever since.

Prices up 3.5x looks good; unless losses are up 4x. On which point, a digression to mention non-US insurers, who must feel they are between a rock and a hard place. Their local markets are in different parts of the cycle. They face a choice. Which do they prefer?

KEY POINTS:

- US casualty verdicts: doubled twice since 2014
- Reforms in motion, but delays likely
- Time to change the rules.

Negative-5% with no US exposure, or +5% with US exposure? Please pause before you choose. The easier option may be the 5% uplift in rate, but this is a dangerous game, and in time, the former could well prove to have been the more lucrative or (more likely) less costly option.

In lotteries, the delight of a few is paid for by the many. In effect, jurors have inadvertently created their own state lotteries, which are ultimately paid for by every person and small business that buys a local insurance policy.

The plaintiffs are often playing with other people's money too. The rise of litigation funding as an alternative asset class has allowed third-party 'investors' to bet on individual cases, class actions and entire portfolios of law firms/attorneys. Reforms are working their way through the various US states – mostly around disclosure (if defendants must disclose insurance, why shouldn't plaintiffs disclose funding?). We wish the reforms well, but anticipate delays and dilution. There is no substitute for taking our own action.

> "Rates have been rising, but claims inflation is showing no signs of slowing."

What can insurers do?

At an individual case level, we can practise sensible claims hygiene. Defendants face accusations of bad faith, vengeful jurors and well-funded attorneys. To win, they must upgrade their weaponry: bring the best team from the start (cases can be won and lost in discovery); get your number on record (anchoring works both ways) and call out litigation funders where you can.

At the individual policy level, we must keep plugging away with prudent risk selection, strict limit deployment discipline and continue to push double-digit rate increases.

It might be time to change the rules. Switching from losses occurring to claims made coverage would not be easy, needing defined (and aligned) retroactive dates (to avoid double coverage), well-defined claims series clauses and the potential complexity of different coverage within the same tower.

But when did a little complexity stop us? The benefit is a shorter tail and being able to respond quicker and adapt to a changing market, which should improve results in the longer term.

When buying reinsurance, different structures have their place but remember your reinsurer/s also need to navigate the market. Introducing excess structures at this time might cause false starts or falls at the first hurdle.

In closing

The big winners of the past decade have been the plaintiff's bar and its funders. We feel we have been playing in the plaintiff's house. Rates have been rising, but claims inflation is showing no signs of slowing. Legislative/judicial relief might be coming, but it's patchy. Defendants are fighting back, but is it enough?

But we're not running away. Despite years of bad industry results, some insurers outperform others. We differentiate by client, as always. We stack our chips behind those diligent and skilful enough to throw away bad cards and be left holding the best hands.

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

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

Cyber: bullish on growth but evolving fast

In the context of softening market conditions and an ever-evolving risk, three executives sat down at an *Intelligent Insurer* Inner Circle business briefing to debate the changing nature of cyber risk and insurance.

KEY POINTS:

- Nuance to softening rates
- Different motivations of buyers
- No definition of a cyber cat event

Amid concerns of softening rates in wider re/insurance markets, the situation in cyber is more nuanced with big differences between pricing and terms and conditions existing depending on the buyer – and their motivation for buying cyber coverage.

That was one of the conclusions of an Inner Circle Business Briefing held in Monte Carlo yesterday (September 9), hosted by Intelligent Insurer. The session, called 'Cyber insurance in a softening, buyer-friendly market' took the form of an intimate debate between three senior executives: Brittany Baker, head of solution consulting, & ILS, CyberCube; Daniel Carr, head of cyber underwriting, Ariel Re; and Shawn Ram, chief revenue officer, insurance, Coalition. It was moderated by Aditi Mathur, deputy editor, *Intelligent Insurer*.

Carr said there were several distinct types of buyers of cyber coverage – at one end of the scale, large, sophisticated corporates are buying with a clear view of what they want from the market, and how they want their insurers help them manage the risk. At this end of the market, rates are more stable.

Further down the risk spectrum, as you move into the SME space, rates are softening to a greater extent, Ram said. He noted that a lot of capacity has entered that space, though there is also signs of some flattening. He also noted there is nuance between rate increases or decreases by geography.

Commenting on the primary market, Ram noted that policyholders are seeking rate decreases but also improved terms and conditions in many cases. Alongside this, however, he noted a greater interest in what insurers offer in terms of security and risk management: what tools they can share with

IN ATTENDANCE


Brittany Baker, head of solution consulting, & ILS, CyberCube


Daniel Carr, head of cyber underwriting, Ariel Re


Shawn Ram, chief revenue officer, insurance, Coalition

clients, while also making the buying process more efficient.

Data is key

Baker agreed with the other executives but added that she is seeing clients looking to be far more strategic in how they are buying cyber coverage – and what they want it to achieve. She too noted a big uptick in interest in the use of new tools to inform strategy and pricing – the market is becoming much more sophisticated, she argued.

Carr agreed that sophistication is increasing, noting that there are different motivations for why companies buy cyber insurance. This varies not only by company and industry – but also geography as different jurisdictions introduce regulations or incentives designed to encourage companies to better manage their cyber risk.

He said it helps insurers and reinsurers alike to understand these drivers and the underlying motivation for purchasing. If they understand this clearly, it is also easier to demonstrate value.

The executives also discussed the fast-moving nature of cyber risk. One the one hand, the market would benefit from consistency and stability – but insurance products must also keep pace with the ever-changing threat landscape.

Baker noted that education remains a key part of the market. Clients need to understand the changing threat – and how insurance coverage may align with that. But they also need to be well versed on what the response to an attack might look like: what backups might be in place and how challenges such as business interruption might be handled.

Fear of accumulation

The executives also discussed the challenges around understanding, quantifying and pricing accumulation risk – one of the biggest concerns of cyber carriers. They debated whether there is a universal definition of a cyber cat event, and broadly agreed there was not. The nature of accumulation risk is becoming more nuanced. Previous events have proven that it is possible that an event can be relatively limited by industry or geography. There is a greater understanding that many, smaller systemic events may be possible, Carr noted.

Ram noted that the industry has learned a lot in recent years through the fallout of events such as the CrowdStrike outage and other cyber-attacks. He agreed that some of the aggregation risk that presented through such events gave the industry valuable insights into what could happen if an event was to present in a slightly different way.

He also agreed that the definition of a cyber cat event was debatable. He said it is natural to draw analogies with natural cat events, but the two were not always comparable.

Ram drew an analogy with property insurance where the starting point for a policy might be the postcode of a property. The nature of the threat to that property might change, but the core asset being protected remains the same. The executives debated what the equivalent of a postcode in cyber might be. They also discussed the importance of understanding the wider exposure of clients via their vendors and supply chains.

Carr agreed there was no consensus on a definition – but argued it is more important to focus on the nuance of system risk and look to quantify that. He also noted that will change over time, such is the fast-paced nature of cyber risk.

The executives agreed it was important to consider the whole value chain of insurance

> “As you move into the SME space, rates are softening to a greater extent.”
>
> Shawn Ram

– with the acknowledgement that the nature of cyber risk will change, and that insurance products and technology must keep pace with this. Carr made the point that cyber risk is something that must be constantly under review and products reengineered on a regular basis to keep pace. But he also acknowledge the need for stability in the nature of core products, regardless of the variability of the underlying risk.

Overall, the executives were bullish about the growth prospects of cyber insurance, but the debate illustrated the point that the risk is ever-changing and the solutions required must keep pace, making for a dynamic and complex market.

REINSURANCE

Dale to get deeper into reinsurance

Dale Underwriting Partners plans to scale reinsurance to be a far larger part of its underwriting business.

Duncan Dale, CEO of Dale Underwriting Partners, told *Monte Carlo Today*: "We write property reinsurance, marine reinsurance, and casualty reinsurance. We feel that over time there's opportunity for that to be a bigger part of what we do."

Dale, which operates through Lloyd's Syndicate 1729 and MGU Dale Dual, focuses on casualty, property, property reinsurance, marine reinsurance, energy and special risks.

Meanwhile, Dale Underwriting owner European private equity giant CVC, which bought the underwriter two years ago, is upping its backing for capacity available through Syndicate 1729 to 100% compared with 91% today.

Dale sees this as a vote of confidence in the business CVC took a majority stake in back in September 2023.

This year, Dale will write $700 million of business Syndicate 1729 and $200 million through managing general underwriter Dale Dual, a joint venture between Dale and Howden-owned Dual International, which attracts capital from both inside and outside Lloyd's.

Dale continued: "The business has transitioned over the last few years to having our own managing agency, having high-quality capital investing in the business, and I think that's really helped us to develop the platform and, as a much stronger platform, that brings the opportunity to execute on our plans more strongly."

Having conducted a strategic review, Dale Underwriting has concluded just to keep on doing what it does best. It is not looking to expand lines or territories that it operates in, and it has no interest in cutting-edge technologies such as smart-follow platforms or algorithmic underwriting.

Nor does it have any plans to cross the billion-dollar threshold when it comes to writing business.

One area of concern though is US property, which has been "disappointing" over recent months.

"What we have seen in the US property market, as well as some international, is a steeper decline than we projected," said Dale. "It's not just on rate that you're getting further exposure but also some of the terms and conditions and contractual restrictions. It's disappointing."

On the other hand, Dale Underwriting feels happy with every other line of business it is insuring, seeing some lines even hardening.

But one line of business it is going to stay away from is the nascent standalone AI, which Dale sees as a boon for the way it does business itself but not as a separate line.

MODELS

Term ‘secondary perils’ should be dropped

Europe’s cat risk story is no longer defined by the rare super-event. It is the steady thrum of hail, flood, wildfire and severe convective storms eroding earnings quarter after quarter. That is why the phrase “secondary perils” has outlived its usefulness, argues Chris Ewing, head of business development at Aon’s Impact Forecasting.

“‘Secondary perils’ is a term we should probably drop,” he said, speaking to Monte Carlo Today. “Because historically, primary perils have been hurricane and earthquake, and secondary perils have been everything else, including severe connecting storm (SCS), flood, wildfire. However, those so-called secondary perils are increasing in frequency.”

With few headline catastrophes in recent years, Impact Forecasting has redirected effort toward primary underwriting and live event response, which it says helps carriers price more precisely and act faster when weather threatens.

“We’ve focused much more on primary underwriting and using our models and data to support how to differentiate risks,” Ewing noted. “So there’s a big push on the application of the models and the data.”

> “There’s a big push on the application of the models and the data.”

In parallel, the team has built out rapid-insight capabilities for wind, flood and severe convective storm footprints and early loss signals into Aon’s Event Analytics platform. The aim is to show risk managers which locations are likely to be hit, and tell claims leaders where to send teams first, “making sure that they are prepared for upcoming events”, he said.

Resilience, for Ewing, begins inside the models. Impact Forecasting is calibrating peril sets to be “fit for the current climate” while offering forward-looking views of how frequency and severity could shift. Crucially, adaptation is being scenario-tested within the tools: local flood defences for industrial sites, or low-cost measures for households. “The models we build are enabling our colleagues to advise clients on how adaptation measures can help mitigate risk,” he said.

Transparency is another pillar. Multiple model views rather than a single; support for open standards via the Oasis Loss Modelling Framework and API access so clients can integrate components – not just black-box outputs – into their own platforms. Ewing also pointed to deeper collaboration with insurers and academia to ensure locally relevant science underpins European wind, flood and wildfire work.

MARKET INSIGHTS

Stability for property reinsurance at 1/1

Responses to *Intelligent Insurer*'s 2024 pre-renewals season survey point to a marketplace that has completed its reset, with sweeping changes to pricing and attachment points largely behind it. However, while most reinsurers expect rates to move only in line with inflation or stay flat, a notable minority is bracing for shifts in either direction.

Survey data shows reinsurers split between modest rises, inflation-linked adjustments and outright stability, though terms and attachment points are expected to remain largely unchanged. Property reinsurance is moving into a new phase, with respondents leaning towards outright softening, suggesting the market might finally be drifting back into competitive territory.

Regarding pricing within the property reinsurance, around a quarter of respondents (27%) forecast increases broadly in line with inflation and another 22% expected rates to remain stable. While 16% predicted moderate increases above inflation, 19% foresaw a moderate fall, with only a small minority (12%) anticipating significant rises well above inflation and even fewer foreseeing sharp decreases.

This distribution reflects a market in equilibrium, caught between inflationary pressures, catastrophe loss experience and the competitive instincts of capacity providers.

"The days of double-digit hikes across the board are behind us," one participant wrote.

KEY POINTS:

- Inflation sets pricing floor
- Profitability still fragile
- But nuance replaces rate shock

"The market is increasingly rational. We're watching inflation and loss costs closely, but this is not a market chasing extreme rate movement any more."

A different comment embodied a more cautious stance. "Inflation may have set the floor, but it hasn't solved the profitability challenge. Margins are fragile, and if we see another active cat season, rates could jump again. Anyone predicting a long plateau may be premature."

The picture on terms and attachment points reinforces this sense of steadiness: 54% expected them to remain largely unchanged; 21% anticipated slight tightening. Only 8% saw significant tightening ahead and 16% a slight loosening in favour of cedants. Just one respondent predicted significant loosening.

So, it would seem the dramatic swings in attachment points in previous cycles are largely over. "The market has reset itself," one participant noted. "We've come through years of repricing, rewording and tightening. What you see now is a foundation. Cedents and reinsurers alike know where the lines are drawn."

Still, there are undercurrents of divergence: nearly 20% expect rates to fall, signalling pockets of the market could see competition reignite. Similarly, the 21% anticipating tighter terms reveal a cohort convinced discipline might harden further.

"It's a split-screen market," one participant wrote. "In certain territories and programmes, there's pressure to ease. In others, particularly where loss experience has been tough, the talk is of holding the line or tightening still further.

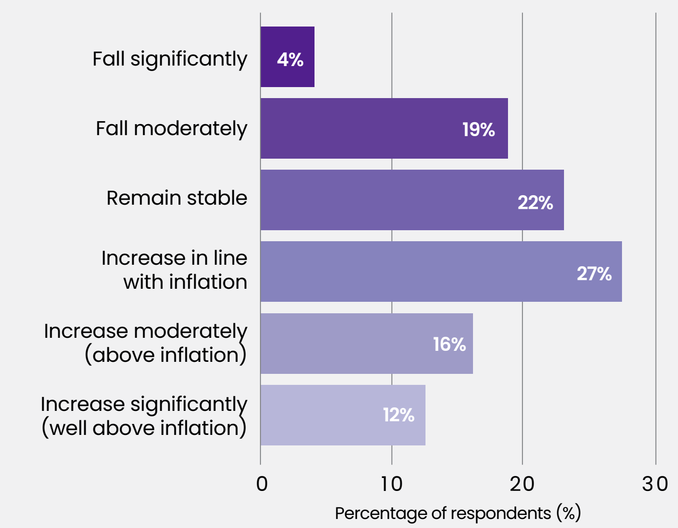
"The averages don't capture the real battles that will play out across renewal tables."

For cedents, the message is mixed, but manageable. Stability in both pricing and terms provides a degree of predictability absent in recent years. But for reinsurers, the challenge remains: achieving profitability in an environment where inflation-adjusted increases might not fully offset cat losses or capital costs.

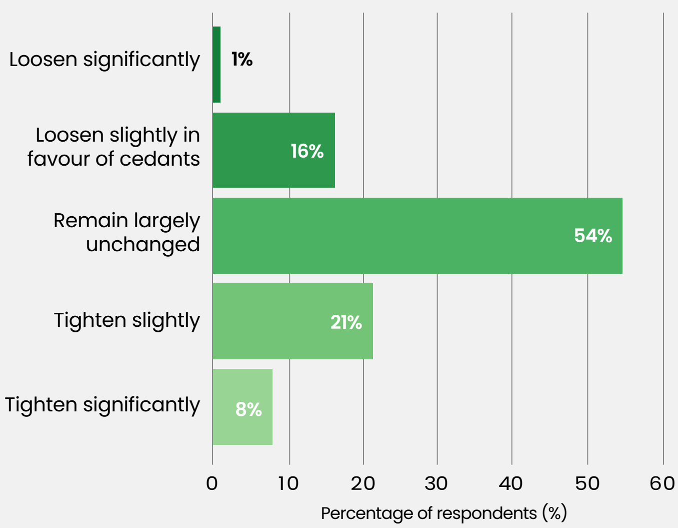
"We're no longer living in a world where capacity shortages dictate the outcome," one respondent commented. "It's more nuanced now. Risk selection, structure and differentiation matter more than broad market moves. That's the real story going into Monte Carlo."

As the industry gathers, conversation might revolve less around rate shock and more around sustainability. The survey suggests reinsurers are prepared to settle into a disciplined middle ground, though with sufficient divergence in expectations to keep negotiations lively.

Do you expect pricing within the property reinsurance sector to...



Do you expect terms, conditions and attachment points within property reinsurance to...



NAT CAT

Re/insurers brace for $300bn nat cat losses

Re/insurers could face an insured loss of more than $300 billion in a single year, according to latest projections by reinsurer Swiss Re.

Extreme weather is pushing annual insured losses towards $150 billion, regardless.

Giving a presentation at Monte Carlo Rende-Vous on Monday (September 8), Swiss Re P&C reinsurance CEO Urs Baertschi said that the main drivers behind increasing natural catastrophe losses are inflation, affecting reconstruction costs and people being exposed to more extreme weather where they live.

Speaking alongside Swiss Re P&C reinsurance CEO Gianfranco Lot, Baertschi highlighted what the cost of recent nat cat events would be in today's money: the 2011 Great East Japan earthquake today would cause economic losses of $300 billion alone, while insured losses from Hurricane Katrina would cost $105 billion today.

Indeed, the 10-year rolling average for insured natural catastrophe losses increased by 46% to $108 billion last year.

Swiss Re said that the market has a history of underestimating losses, which it called an "industry-wide phenomenon" with many adjusting their ultimate losses by 100-200%. The main drivers are underestimating loss exposure, risk values and inflationary impact, said Swiss Re. And the root cause for underestimation comes down to lacking exposure data to enhance modelling and risk estimations. Inaccuracy and delay in loss reporting can lead to loss of trust and pricing volatility, Swiss Re added.

> “Highest tariffs since the Great Depression are fuelling uncertainty.”

"What the reinsurance industry needs is enhanced exposure data and greater transparency across the value chain to strengthen industry resilience," it pointed out.

The reinsurer also called out protectionist trade policies for driving higher costs and long-term supply chain fragmentation. Indeed, trade policies, geopolitics and protectionism are reshaping global supply chains – raising costs, amplifying uncertainty and driving long-term fragmentation risks.

"Highest tariffs since the Great Depression are fuelling uncertainty," the reinsurer warned.

And, in a week which large parts of France shuts down because of a national protest against president Emmanuel Macron, Swiss Re warned that with strikes, riots and civil commotions (SRCC) exposure on the rise, disciplined accumulation management is essential. Populist movements and anti-establishment sentiment is rising globally, the reinsurer said, even in historically stable markets. More than 75 countries have experienced significant protests in the past 12 months, while 50% of young adults support hostile activism for social change.

CYBER

Lockton Re latest to issue cyber cat bond

Lockton Re is plans to launch its own cyber catastrophe bond, arguing the market needs a structure that gets severity and terms right, CEO Tim Gardner told *Monte Carlo Today*.

"We don't have enough cyber reinsurance capacity to satisfy our clients, which is why we are looking to other sources of capital. It's not a capital issue but a severity and terms issue," he said.

To date, there have been 11 cyber cat bond issuances from sponsors including Beazley, Swiss Re, Axis Capital and Hannover Re.

In another innovation, Lockton Re is looking at parametric cyber cover for cloud computing outages.

The cyber global cyber insurance market is expected to grow to $30 billion by 2030, compared with $15-16 billion today.

Oliver Brew, head of cyber centre of excellence, said: "The cyber market is anticipated to more than double by 2030. Even conservative estimates suggest significant continued growth, which will have profound implications for both the cyber re/insurance market itself and the wider industry."

As to the need for cyber insurance to flow down from enterprise-level companies to increasingly smaller SMEs, Gardner sees it as a "not if, but when... our view is that the market trickling down to SMEs is an inevitability".

As for whether artificial intelligence is covered by cyber policies, Brew said that it was still early days as to what is covered and that similar discussions were held back in the early days of cyber cover.

Keith Harrison, international CEO of Lockton Re, added: "You can expect us to continue to invest in the cyber space at a pretty fast pace."

Lockton Re plans to grow revenue by 30% a year from now on.

"We grew by 30% last year and 36% the year before. That trajectory is going to be our norm," Gardner said. "We still feel that there's nothing but opportunity out there."

This year Lockton Re generated $365 million in revenue, which is still dwarfed by the wider Lockton group's $4 billion revenue haul.

Gardner said that the broker is in most of the product lines that it aspired to be in when it launched back in 2019 but that it can add depth to those existing lines.

Expanding on what differentiates Lockton Re from other "challenger" reinsurance brokers, the fact that it is privately owned means that it is not under the same pressure to hit KPIs as other, private equity owned rivals, Gardner said.

"We feel very fortunate that we are a private company that we can play a different game," said Gardner. "We don't have private equity where the goal is to sell the business in five years."

And, despite febrile talk of M&A heating up as organic growth stalls, Lockton Re has no plans to make any big acquisitions. That said, Gardner conceded, there might be small bolt-ons to the business.

RENEWABLES

Renewables, EVs exciting growth markets

KEY POINTS:

- Caution on US-style litigation for Europe
- Liability claims inflation and litigation pose challenges
- Renewables and clean energy are growth priorities

“There’s a lot of technology that is coming into the vehicles, and that will transform the way we insure and the way we protect ourselves from incidents.”

Gianfranco Lot, Swiss Re

Swiss Re isn’t buying into US-style litigation for Europe, but it’s all in on renewables, betting big on the growing opportunities of energy technology, a top executive has revealed.

“[There are] some American products that we import into Europe... this is not one that we want to import into Europe. This is something that we look at with very concerned reflections,” Gianfranco Lot, chief underwriting officer for P&C reinsurance at Swiss Re, said of the aggressive US litigation environment and associated liability claims during the company’s RVS media conference.

“As the reinsurers and insurers of liability classes, we look at this and we observe it with very great concern. There’s total litigation going on in the UK. In France, there’s mass tort litigations and there’s just liability claims inflation that goes up,” he emphasised.

Lot stressed that while US litigation has created systemic challenges for insurers, Europe is beginning to mirror some of these trends, prompting Swiss Re to tread carefully. The availability of liability limits has tightened and pricing pressures are rising, making certain liability products less attractive for European adoption, he admitted.

“We are excited about sidebar comments on nuclear, an energy form that is picking up rapidly.”

Meanwhile, the reinsurer is keen to respond to growing energy technologies in renewables. He highlighted specific sectors, noting investments in wind, solar, and nuclear: “We are very excited about sidebar comments on nuclear, which is an energy form that is also picking up quite rapidly. It is expected to triple by 2050.

“We are running the Swiss nuclear pool of Swiss Re and have quite a bit of experience with it.”

Lot also pointed to electric vehicles as a fast-growing area linked to the energy transition: “The take-up [of electric vehicles] is significant in China. They are leading the way.

“Electric vehicles, if anybody has driven one, you sit in a system where you have an iPad and you have an assistant driver [and] assisted driving modules that allow you to automatically brake, allow you to park, etc. There’s a lot of technology that is coming into the vehicles and that will transform the way we insure and protect ourselves from incidents.”

“A lot of investment goes into these renewable technologies... they are untested sometimes and they’re exposed to all sorts of perils, including natural catastrophes. But as we gain more and more experience, we see this as an exciting growth space.”

Market feedback is stark on electric vehicles. Many regionals sit out; the biggest carriers push volumes without a good understanding of EVs. However, with the fast growth projections ahead, either way is not viable. They still need to get comfortable with this topic.

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