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MONTE CARLO TODAY

'Judge us on actions': Lloyd's CFO raises bar – now comes the test

NEW CFO JIM BICHARD WANTS LLOYD'S to attract the world's best underwriters and capital, open the market to new risks and exploit an advantage he believes remains its "best-kept secret".

But with pricing softening and Lloyd's seeking to rebuild confidence after recent conduct and governance scrutiny, it must prove through actions, not words, what kind of market and institution it wants to be and rebuild trust.

Bichard sat down with this publication

in the Sir David Rowland Room at Lloyd's, named after the former chairman who helped steer the market through one of its most difficult periods.

But sat at its long mahogany table, surrounded by reminders of Lloyd's past, Bichard was more interested in what comes next. Four months into the job, he talked with the enthusiasm of someone still discovering the institution from the inside – but also with the perspective of an adviser who spent three decades looking at it from the **4** →



Jim Bichard

DATA CENTRES biggest new opportunity for reinsurers



Urs Baertschi

THE DATA CENTRE BUILDING BOOM triggered by AI could open one of the biggest new growth opportunities for reinsurers, as trillions of dollars are poured into infrastructure to meet soaring demand for computing power.

Around \$6.6 trillion is expected to be invested globally in data centres by 2030, according to Swiss Re. Capital spending by the five largest cloud service providers alone is

forecast to exceed \$600 billion this year. Swiss Re sees a significant opportunity for insurers and reinsurers to support that expansion. "When you look at the new opportunity out there, it's the data centres," Urs Baertschi, CEO of property and casualty reinsurance at Swiss Re, told *Monte Carlo Today*.

"It's not a new topic per se. But the investments in building here lead to new opportunities for the industry to step **3** →

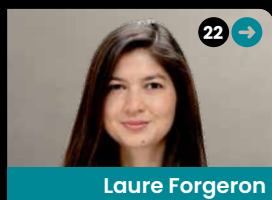
INSIGHTS AND ANALYSIS FROM THE INDUSTRY'S MOVERS AND SHAKERS INSIDE



Ian Newman



Paolo Mantero



Laure Forgeron



Shevawn Barden

View Monte Carlo
Today online



MARSH RE

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MARKET

Data centres biggest new growth opportunity

➔ up and support this technology and the infrastructure build that comes along with it.”

The opportunity extends across property, engineering, cyber, liability and business interruption. Swiss Re Institute expects global insurance premiums associated with data centres could reach \$91 billion by 2030.

New concentrations of risk

The scale of investment also brings new concentrations of risk, from expensive equipment and huge power requirements to dependencies on utilities and supply chains. Swiss Re estimates more than 40% of US data centre capacity could be located in significant-to-very-high tornado zones, with more than a quarter exposed to frequent large hail.

The opportunity also goes beyond insuring the AI infrastructure. The technology itself could change what insurers are able to do.

“You simply cannot look at the nat cat world through a short-term lens. This is a long-term proposition.”

“This is a game-changer from a technological capability perspective,” Baertschi said.

“It will help us run our businesses more efficiently and effectively. It will help us make better decisions. It will help us grow, and it will also potentially, over time, help us to start covering certain perils that today we cannot.”

But there is another side to that equation. “We also have to play some defence because the fraud possibilities, the bad actors, they’re getting a lot better,” he said, pointing also to potential downstream liability from AI and technological innovation.

Human judgment, however, remains central. “For us at Swiss Re, it’s always human in the loop,” he said. “We make our own underwriting decisions. They are helped by technology, by tools, including some of them that are powered by AI, but it’s the human that makes the decision and is responsible for those decisions.”

KEY POINTS:

- Data centre premiums set to reach \$91 bn
- \$320 bn nat cat peak loss year possible
- US casualty risks remain elevated

Nat cat reality

The accumulation of high-value assets comes against a natural catastrophe loss trend that continues to move upwards.

Global insured nat cat losses have been relatively benign recently, but Swiss Re Institute estimates the long-term trend is still increasing by 5-7% annually in real terms. A return to trend would put insured losses at about \$148 billion in 2026, while a peak year [the sort of scenario expected once a decade] could reach \$320 billion.

“You simply cannot look at the nat cat world through a short-term lens,” Baertschi said. “This is a long-term proposition. We need to look at trends. We need to look at exposures. We need to look at the underlying risk. One year actually does not dictate the trend.”

Models for secondary perils, including wildfire, severe convective storms and floods, have improved, he said, although wildfire remains complicated by its human causes. “Human behaviour is more difficult to model,” Baertschi said.

Many microcycles

That risk picture is colliding with a more competitive reinsurance market as abundant capacity looks for opportunities to deploy.

“It’s fundamentally a question of supply and demand,” he said. “When you look at the demand side, the insurance industry overall is taking on more risk, more volatility, more exposures and so demand generally is going up. “At the same time, there is plenty of capacity out there right now as well, and that is the dynamic that sets the market.”

The result, he said, is “not just one cycle; it’s many microcycles”. That distinction is important to where Swiss Re is prepared to deploy capital. Nat cat remains an area where it believes it can help clients, alongside property more broadly and most specialty lines.

Baertschi also said cedants are looking for more than reinsurance as competition increases. “They’re looking for strong and trusted partnership. They’re looking for

claims-paying capabilities and advice. They’re looking for insights and information and data around things where they maybe have less of an insight from their own business,” he said.

Liability caution

One major area where Swiss Re remains distinctly cautious is US liability. “The fundamentals here have just not changed enough to have a different view on that risk for us,” Baertschi said.

While some in the market see improvements, he believes it is too early to conclude that the underlying problem has changed. “It remains a very challenging and structurally flawed environment,” he said. “There have been some improvements from some tort reform in some states. We will have to see what kind of effect they will have.”

Nuclear verdicts remain at record levels in

“[AI] will help us make better decisions, help us grow and, over time, potentially cover perils that today we cannot.”

the US, with 190 in 2025, up 41% year on year. “When you look at the nuclear verdicts, when you look at the number of class action lawsuits, when you look at the litigation funding, those metrics keep trending up,” he said.

The long-tail nature of casualty makes that particularly important as today’s underwriting decisions may take years to reveal their true economics. “The industry needs to be clear about the risks that are being taken on,” Baertschi said. “They usually materialise much, much later than when we write them, and we have to continue to be very focused on this topic.”

For Swiss Re, opportunities in data centres, property and specialty therefore sit alongside areas where it remains prepared to take a more cautious view. “There are different opportunities out there around the world,” Baertschi said. “There’s many different microcycles as well. It is not one-size-fits-all.” ●

COVER STORY

'Judge us on actions': Lloyd's CFO raises the bar

➔ outside. Since becoming chief financial officer in April, after 30 years at PwC, most recently leading its global insurance practice, Bichard has spent much of his time meeting current and prospective investors, market participants, brokers, banks and advisers.

The message, he says, has been strikingly consistent: there is capital that wants into Lloyd's, and lots of it.

"There is a huge amount of positivity about Lloyd's as a platform," Bichard told Monte Carlo Today.

'Protect, deploy, extend'

The more interesting question is what Lloyd's does with that appetite for risk. Bichard's shorthand for the capital strategy is "protect, deploy, extend" – protect the financial strength of the market, deploy its capital advantage more effectively and extend that advantage into risks that remain poorly covered or not covered at all.

Behind those three words sits a greater ambition. "We want it to be seen as an undisputed market, and the best place to trade and connect capital and risk," he said.

That means attracting not merely more participants, but the right ones. "We want to attract the best underwriters in the world to Lloyd's," he said. "We also want to be somewhere where it's efficient to trade; there is a preconception that Lloyd's is an expensive place to trade.

"We've already made progress on that prior to my time by simplifying the charging structure and reducing the costs. But there's still way more we can do."

Nor does he envisage Lloyd's becoming a home only for the industry's biggest players. "We also want agile, nimble organisations, and a lot more niche or new specialty players."

The measure of success, he argues, will not simply be premium written or scale. "Lloyd's is absolutely not talking about growth for its own sake. Ultimately, the word we use a lot is relevance."

Capital's 'best-kept secret'

Capital is an obvious place to start. At PwC, he spent years advising insurers on how to enter markets, deploy capital more effectively and pursue new opportunities. He

KEY POINTS:

- Leadership must set tone
- Agile, nimble players welcome
- Capital wants in; can it deliver?

now finds himself on the other side of those conversations.

At the heart of the proposition is an advantage he believes remains poorly understood outside Lloyd's. Because of the market's diversification, mutuality and flexibility over forms of capital, Bichard argues participants can take more insurance risk for every dollar of capital than elsewhere.

"That is an amazing advantage," he said. "I'm still in an education process. I find every day some people understand it, lots don't, or don't appreciate how good that is."

Lloyd's CEO Patrick Tiernan has described that capital efficiency as the market's "best-kept secret". Bichard doesn't want that to

“We want it to be seen as an undisputed market, and the best place to trade and connect capital and risk.”

remain a secret any more. London Bridge 2, Lloyd's vehicle for bringing third-party capital into the market, has demonstrated part of the opportunity. But simply attracting capital to finance more of the same business is not the endgame.

"All my investor conversations show there's a huge amount of capital wanting to participate in Lloyd's because the returns, particularly in the last four or five years, have been stellar," he said.

The bigger question is where that capital goes next. "How do we deploy that capital against new risks?" He points to data centres, infrastructure, energy and medical R&D: large pools of risk where insurance penetration remains incomplete. "We're

talking innovating at scale," he said, "picking up huge pools of risk that aren't currently covered."

That could also mean moving beyond insurance's traditional emphasis on paying claims. "We are currently very geared towards protection, but how much more can we do in the prediction and prevention space?"

'Hold our nerve'

That ambition comes as the underwriting environment becomes less forgiving. Lloyd's half-year results showed gross written premium rising 6.9% to £34.7 billion, while market-wide risk-adjusted pricing fell 6.7%. The combined ratio improved to 90.8%, helped by relatively benign major-loss experience.

Bichard had already identified the pressure beneath the strong headline numbers. "The biggest factor in the pricing environment is actually the absence of major losses over the last few years," he said.

With capital plentiful, competition increasing and buyers pushing back on price, he sees the next part of the cycle as a test of discipline. "We need to hold our nerve a little bit."

That will mean greater scrutiny of syndicate plans and whether projected loss ratios remain credible as rates soften. Where the economics no longer work, he expects underwriters to walk away.

Trust has to be earned

The test is not solely an underwriting one. Recent conduct and governance scrutiny has also put renewed attention on the standards expected of Lloyd's leadership.

"All we can do is be really consistent with how we operate, both internally and facing off to the market," he said. "We need to trust each other, and the market needs to trust us. I would want us to be judged on our actions and how we carried ourselves."

He would also like the current leadership to leave Lloyd's "famous for innovating", adding: "If the biggest and most successful and most savvy investors want to participate here, that's a clue that we're right."

"I think we've never been as attractive a place for capital to come and trade against risk. We're still a long way away from optimising and maximising that. So that's a huge opportunity." ●

DIGITAL REVOLUTION

Insurers must adapt to digital risk

As AI, cyber and data centre exposures become increasingly intertwined, Ian Newman explains why Gallagher Re is bringing them together under a new digital risk practice.



Artificial intelligence cannot be considered in isolation from the data centres that support it, the cyber threats it can amplify or the liabilities it may create across other insurance classes. That growing overlap is why the market needs to start thinking about digital risk differently.

Seeking to get ahead of that convergence, rapidly-growing global broker Gallagher Re has launched a dedicated digital risk practice spanning cyber, AI liability, data centres and digital risk engineering.

"You cannot really talk about AI without talking about data centres," Ian Newman, who leads the new practice alongside his existing role as global head of cyber, told *Monte Carlo Today*. "Capacity matters, but cannot just be about capacity; it has to be about understanding the risk."

The rationale goes beyond grouping emerging technologies under one banner. As businesses become more digitally dependent, exposures once within individual insurance classes are increasingly intersecting them.

"If you look at where value sits in the world today, many of the most valuable companies are built around intangible and digital assets, and the way we operate is much more digitally focused," Newman said.

That shift, he argues, requires insurers and reinsurers to rethink not only what they cover, but how those risks are priced and aggregated.

Rethinking risk aggregation

Cyber remains at the centre of the new practice, but Newman sees it increasingly as one part of a broader digital risk landscape.

He compares the current moment in AI with the emergence of cyber roughly 15 years ago, when a new technology wave forced the market to determine how unfamiliar exposures fitted within existing products and models.

The difference now is the speed of change. "However fast we think technology has changed so far, it is going to change much faster from here," Newman said.

Gallagher Re has been examining that convergence in its own research. Its Q1 2026 insurtech report warned that AI-related

KEY POINTS:

- AI could cluster cyber losses
- Data centres cross traditional lines
- Futures risks demand new aggregation models

exposures can cut across general liability, D&O, E&O, employment practices and product liability simultaneously.

Newman says that creates an accumulation problem as well as a coverage question.

"We cannot necessarily think about accumulation in the traditional way," he said. "We need to consider aggregation across different classes simultaneously and across different companies that may depend on the same technology."

AI could therefore remain embedded within existing products while also developing into a distinct class.

“Digital revolution represents one of the biggest growth engines we are going to see over the coming years and decades.”

"I foresee AI having a material impact on nearly every class while also potentially developing into an independent class of business in its own right," he said.

Data centres provide perhaps the clearest example of why those traditional boundaries are becoming harder to maintain.

Gallagher Re's Q2 insurtech report noted that the pace, expense and technical complexity of data centre development are putting growing pressure on underwriters. Cyber is one element of that exposure, but Newman argues it cannot be considered in isolation.

"When I talk about data centres within

digital risk, I am not talking about them only through a cyber lens," he said. "I am talking about the data-centre exposure as a whole."

That brings property and other specialty risks into the equation. Gallagher Re's approach is therefore to create a central point of expertise while continuing to draw on teams across its existing divisions.

"We will have a dedicated team focused on data centres – asking what is changing, how the risks work, what products should be created and how the market should respond," he said.

AI changes the cyber equation

AI is meanwhile already influencing cyber risk itself. Newman said Gallagher Re is seeing signs of AI enhancing what threat actors can do, allowing familiar attacks such as phishing and ransomware to be carried out at greater scale and sophistication, potentially with fewer resources.

"Our expectation is that this could increase frequency and potentially lead to greater clustering of losses," he said.

That has implications for reinsurance purchasing. Newman argues that structures should respond to a client's risk profile and market conditions rather than be viewed as inherently attractive in isolation.

"It is about the right product for the right client at the right time," he noted.

Despite softer cyber pricing and abundant capacity, he remains strongly positive about the class's longer-term prospects.

"I remain very bullish on cyber," Newman said. "Businesses are increasingly going to want to protect what matters most to them, and more and more of that value is digital rather than physical."

But he sees the opportunity extending well beyond cyber. "The digital revolution – whether you are talking about AI, data centres or other technologies – represents one of the biggest growth engines we are going to see over the coming years and decades," Newman said. ●

Ian Newman is global head of digital risk and global head of cyber at Gallagher Re. He can be reached at: ian_newman@gallagherre.com

NEWS

Zurich makes \$1bn data centre push

Zurich Insurance is one of the biggest buyers of reinsurance in the world. Its global aggregate traditional reinsurance programme is worth many billions – and that’s before you count some of the cat bonds it has periodically issued. The company is among the most innovative insurers in how it uses reinsurance and other forms of risk transfer to support its strategy.

So, when its group head of reinsurance speaks – reinsurers tend to listen. And when the insurer more generally makes a significant strategic investment in a fast-growth part of the market, its peers will be paying attention too. As has become clear in the past weeks – it is moving into insuring data centres in a big way.

Specifically, to support this strategy, it has secured a \$1 billion quota share agreement from reinsurers to move into this area. The move was revealed in an August announcement in the context of its global specialty premiums increasing by 8% to \$5.5 billion in the first half of 2026 driven by demand for data center infrastructure globally. It unveiled the expansion of ‘Data Center Project Guard,’ a dedicated insurance and risk management solution for data center projects, alongside the \$1 billion construction quota share deal to support the growth of its global data center portfolio.

Growth in ‘new economy’

Paolo Mantero, group head of reinsurance at Zurich, told this publication that Zurich wants to capitalise on the trillions of dollars expected to be invested in data centres, which in turn often need to supply their own renewable energy.

Zurich sees itself as serving this “new economy”, which it has not something it always done in the past. As well as data centres, it also includes in this term energy infrastructure and defence – three areas where Zurich wants to take a leading role in the reinsurance market.

“The insurance industry is very traditional in serving to a certain extent the old economy. The present and new economy is where it is less positioned to serve,” said Mantero. “But we clearly would need reinsurers’ support. We’re talking about several billions of capacity required for each single project, whereas it was in the hundreds of millions before, so that needs some refined reinsurance structures.”

The scale of the insurance and reinsurance that will be required to service the risks

KEY POINTS:

- Data centres need billions in capacity
- Zurich is considering first sidcar
- Third-party capital key to growth

associated with data centres has been a hot topic in Monte Carlo this week, with several industry veterans discussing it. One of the most thoughtful pieces of analysis has been done by Michael Millette (page 34), co-founder and managing partner at Hudson Structured Capital Management.

In a considered piece of research, he estimates that some \$5 trillion of total insured value will end up on developer’s balance sheets. Such a build-out could ultimately require between \$75 and \$100 billion of additional reinsurance capacity by 2032.

Modelling new risks

Zurich Insurance clearly agrees on the scale of the opportunity – and so do its reinsurers. They



Paolo Mantero

have also clearly found comfort in how these risks might be modelled.

Mantero said he does not share concerns that data centre risk modelling remains far less developed than catastrophe modelling for risks such as hurricanes. The industry is not blind when it comes to data centre risk, said Mantero; rather its understanding will deepen just as cyber risk modelling evolved, he believes.

“If you rewind the clock, 15 years ago when the cyber market started there was zero data but the good firms were the ones that could quickly bring risk engineering insights into the equation,” said Mantero. “I think the same logic can be applied to data centres.”

Combining existing data centre data with risk engineering capabilities will separate which players in this space are credible, and those which are not, said Mantero.

Although there will be winners and losers, at least when it comes to credible data centre risk modelling, Mantero does not see Zurich’s push into the new economy as simply a competition for market share. Rather, the vast amounts of capital needed mean that the support of reinsurers will be needed. The \$1 billion quota share deal it has signed could be just the start of this.

But Mantero added that the need for collaboration extends beyond data centres. Infrastructure and defence projects backed by governments are also highly capital-intensive, and the reinsurance market’s job is to aggregate capacity to support very large, often sovereign-linked projects, Mantero noted.

“To respond to this, we will have to join forces, and joining forces means using all the whole capital available in the industry, and therefore the importance of issuing new reinsurance concepts and structures to adequately mobilise the required capital.”

By whole capital, Mantero includes third-party finance such as insurance-linked securities including catastrophe bonds and sidecars – external capital specifically strapped to insurers.

First sidcar?

Intriguingly, Mantero said that Zurich was “actively thinking” about its first sidcar, something which the re/insurer has eschewed in the past, as well as launching a follow-up catastrophe bond to its newly relaunched cat bond programme.

Zurich returned to the catastrophe bond market in April, successfully closing a \$150 million cat bond covering US named storms and earthquakes through its Turicum Re 2026-1 issuance.

Mantero rejects the term “alternative capital” as external, third-party capital consistently maintains a 20% share of total reinsurance funding. “The role of alternative capital has grown steadily and is taking a 20% share of the industry. So, the way I look at it is, we have to find a way to match that demand.”

For Mantero, the focus of the reinsurance industry should not be on a softening market, – he notes that cycles come and go. Instead, it needs to think about how it can work together to meet the challenges, “and we, at Zurich, like to kind of take the lead on some of those structures, particularly where we feel we have the expertise to lead the industry”. ●

FACULTATIVE

Facultative prowess fuels growth

Why facultative reinsurance is moving from a tactical purchase to a strategic growth tool for insurers, explains the global CEO of facultative at Aon's Reinsurance Solutions.



Facultative reinsurance is becoming a more strategic part of insurers' growth plans as they look to expand without putting excessive strain on their balance sheets. That's the view of Nick Fraccalvieri, global head of facultative at Aon's Reinsurance Solutions.

He says insurers can use fac not simply to cover individual risks, but as a way to support growth while managing the additional exposure that expansion creates.

"Every time they do that [expand], they expose the balance sheet a little bit more than is perhaps desirable," Fraccalvieri told *Monte Carlo Today*. "The best way to grow efficiently is by buying facultative and utilising it as a lever to continue to grow and mitigate exposures, and not to overload the company's balance sheet."

With competition across the insurance and reinsurance markets intense and reinsurers continuing to report profitable combined ratios, Fraccalvieri said fac capacity was plentiful and the cost of cover "quite competitive".

Bringing fac and treaty together

Aon is encouraging clients to think about treaty and facultative strategy together as they approach renewals rather than treating the two as separate purchasing decisions.

Fraccalvieri said clients preparing for the 2027 renewals could set their treaty strategy knowing that facultative capacity was available to manage certain exposures separately.

"Aon is in a great position to help our clients consider all forms of capital, and so we can work with them beyond just a single transaction to develop an optimal risk transfer strategy that aims to respond with flexibility to all their needs and become an enabler of top line growth," he said.

"Those who view risk transfer in this way will be thinking how to utilise facultative in connection with treaty, and also with insurance-linked securities and parametric solutions," he added.

The approach allows insurers to consider where individual risks could be removed from the treaty programme and handled facultatively, or via another form of capital, giving them another lever as they decide

KEY POINTS:

- Clients using fac as strategic growth tool
- Facilities bridge certainty, flexibility and growth
- Digital capabilities reduce friction, drive adoption

how to deploy their capital and pursue growth.

Aon is also seeing growing interest in cedant facultative facilities that allow them to secure facultative capacity and agree terms and counterparties in advance to provide flexible access to cover, rather than renegotiate new transactions throughout the year.

Such facilities can allow clients to "crystallise the counterparty", keep the same reinsurer throughout the year and gain greater control over what they buy, Fraccalvieri said.

To help promote this risk transfer strategy, Aon recently launched an insight series focused on the value facilities bring to insurers,

“The best way to grow efficiently is by buying facultative and utilising it as a lever to continue to grow.”

which was shared with over 25,000 clients and resulted in more than 17,000 subscribers.

"With facilities we can structure bespoke solutions, from single product and geography, to complex multi-line and global solutions," he added. He said that Aon's scale, analytics, and global relationships and insights are key in driving the development of innovative solutions, pointing to the 1,000+ colleagues Aon has working on facultative across more than 40 offices globally, who help with the intermediation of upwards of \$6 billion in fac premium.

"I don't think there are many brokers that can sit down with their clients and articulate a full global facility that is aligned to their particular needs," he noted.

Removing the friction

One obstacle to wider use remains the administrative intensity of facultative placements. "It's very frictional, very intense in terms of management," Fraccalvieri said.

Aon is seeking to digitise more of the placement process. From January 2027, its trading platform is expected to be able to ingest client information regardless of the format in which it arrives. By mid-to-late 2027, the broker hopes the technology will further help guide brokers towards markets suited to particular products and risks.

"As we remove friction, as we make it more efficient, the benefits will be felt by our clients, who will be even more attracted to facultative capacity as a result," he said.

Data shaping strategy

Data generated through placements is also giving Aon a broader view of clients' portfolios, including where they are writing business, the classes involved and whether exposures are primary or excess, property or casualty.

Some clients do not collect or analyse their information in the same way, Fraccalvieri said, allowing Aon in some cases to provide a portfolio-level view they do not have themselves.

That data can also help identify market trends earlier and adjust advice as conditions change.

"The quicker we can adapt, the quicker we can advise our clients to do the right thing at the right time," he said.

For him, the underlying proposition comes back to growth. Insurers need to continue looking for new opportunities without allowing expansion to place excessive strain on their balance sheets.

"There are two ways to do that – either you expose your balance sheet into the unknown, or you utilise facultative as a way to mitigate that exposure," he said. ●

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MARKET

Benign losses don't mean lower risk

Softer pricing is yet to undermine the economics of most reinsurance business, but Hannover Re's Sven Althoff warns against allowing recent loss experience to obscure rising exposures.

Althoff, a member of the executive board for property and casualty, wants the market to keep that in mind as reinsurers gather in Monte Carlo amid intensifying competition and further pressure on pricing.

There is good reason for the caution. Property catastrophe pricing has softened considerably since its 2023 peak, he said, although rates remain technically adequate and terms and conditions have largely held.

Hannover Re's own renewals show how quickly the market has moved. At the June and July renewals, renewed volume increased 12.3%, while prices fell 4.5% on an inflation and risk-adjusted basis.

For the upcoming renewals, Althoff expects further moderation, with pricing movements remaining in single digits. But he believes the more important discussion is whether pricing continues to reflect assumed risks.

"A major point will be how the industry maintains sustainable rates in a more competitive market environment," he told *Monte Carlo Today*. "Risk should be priced on a technical basis so covers remain available long-term."

Selective growth

Falling prices do not automatically mean Hannover Re will pull back. Althoff said the reinsurer continues to find opportunities that meet its profitability requirements.

"Most growth comes from areas of business we know well, which gives us confidence when deploying capacity," he said. "Additional opportunities arise in markets with increasing insurance penetration and growth or where others reduce their participation."

But there is a limit. "Where pricing no longer adequately reflects the underlying risk, we are prepared to reduce participation or walk away," he stressed.

Hannover Re demonstrated some of that selectivity at the 1 January renewals. Traditional P&C renewed premium volume increased 3.3%, while average risk-adjusted prices declined 3.2%.

Competition was particularly strong in natural catastrophe business, where abundant capacity resulted in risk-adjusted rate

KEY POINTS:

- Pricing discipline remains key
- Most cedants hold reinsurance buying
- Hannover Re prepared to walk away

reductions of 10-20% in both international and US markets. Hannover Re said prices nevertheless stayed adequate overall.

Althoff continues to see opportunities in nat cat, cyber and structured reinsurance, where demand for high-quality protection remains strong. The challenge is an increasingly difficult loss environment. "Climate-related risks, geopolitical uncertainty and social inflation continue to intensify and increase uncertainty around future loss costs and pricing," he said.

One notable feature of the softer market is that most cedants have not used lower prices to buy significantly more protection. "Many



“Where pricing no longer adequately reflects the underlying risk, we are prepared to reduce participation or walk away.”

clients have benefited from improved pricing conditions – particularly on their property catastrophe placements,” Althoff said.

But “in most cases the demand for reinsurance remained stable and buying additional protection was limited to a smaller group of cedants”. Strong cedant capitalisation is part of the explanation, he said, while reinsurance rates remain risk adequate.

The risks alone have not stood still. “Long-term risk drivers such as climate change, social inflation and rising insured values continue to increase potential loss costs over time,” Althoff said.

Secondary perils are also becoming more

important, with severe convective storms, hail, flood and wildfire increasingly contributing to insured catastrophe losses.

Althoff believes that should be part of the discussion in Monte Carlo, particularly how peak and frequency risks can be covered in ways that work for both sides of the transaction. “Combining protective covers with preventative measures not only in case of climate-related risks is also worth discussing, as prevention is equally important; sometimes even more so,” he said.

Rising concentrations of insured assets present another challenge such as large infrastructure projects and the “growing concentration of values in data centres.”

Capital pressure

Competition is also playing out in the catastrophe bond market. Total cat bond issuance reached almost \$18 billion in the first half of 2026, according to Artemis, narrowly surpassing the previous H1 record set in 2025.

Althoff said the market remained “very active” in the first half. “Cat bonds and other ILS solutions continue to play an important role in broadening the range of available risk transfer solutions and providing additional capacity,” he said.

Investors continue to value the diversification and returns they bring, while sponsors can lock in capacity for several years. But tightening spreads bring the question of whether capital could begin to run ahead of the catastrophe risk it is assuming. Althoff said. “Sustainable investor appetite depends on maintaining that discipline.”

The same principle runs through Hannover Re's view of the traditional market. Competition is increasing, but so are insured values, concentrations of assets and the complexity of risks reinsurers are being asked to assume. “The reinsurance market is becoming more competitive, but also more complex,” Althoff said.

“Long-term risk drivers such as climate-related risks, geopolitical uncertainty and social inflation remain key challenges.”

For Hannover Re, the answer is not to resist every price reduction, but remain prepared to deploy capacity where the economics still work. “Maintaining adequate pricing remains essential,” Althoff said. “And we will continue to provide capacity where pricing remains well aligned with underlying risk.” ●

TECHNOLOGY

AI changes the economics of growth

While the whole market is debating rate, there is an opportunity right now to reshape the operating model, take out cost and cycle time, and create capacity for growth, says mea Platform CEO Martin Henley.



As re/insurance pricing comes under pressure, AI's biggest opportunity may be in the economics of growth.

Martin Henley, chief executive of mea Platform, has an obvious stake in that argument. His AI-native insurance technology business, founded in 2021, automates re/insurance workflows for carriers, brokers and MGAs. Initially bootstrapped, mea secured a \$50 million minority growth investment from SEP in February and is scaling across the US, London, Bermuda and Europe, as well as moving into Asia.

"In my view, growth in this market is really going to come from the operating model, not so much the rate," Henley told *Monte Carlo Today*.

“If you get those things right and the cost of processing a risk comes down sharply, then the economics of your whole book start to change.”

For all the attention AI is getting at board level, however, the industry remains a long way from that becoming the norm. Henley sees much of the current activity concentrated on experimentation and back-office efficiency, with only a "pretty small group" running AI in production at scale. Some have been doing so in parts of their operations for two years or more.

"We literally have clients saying to us, 'I'm going to win this market and this product line because of this tech,'" he said.

After 30 years in insurance, Henley finds that striking. "It is unusual to hear underwriting teams making statements like that."

He expects the gap between those already

KEY POINTS:

- AI can create underwriting capacity
- Early adopters start to pull ahead
- Performance is the test for pilots

operating the technology at scale and slower adopters to become increasingly visible.

Changing the economics

The more consequential question for Henley is what insurers choose to do with the productivity AI creates.

"Are you using it as a way to reduce headcount and make those sorts of public commitments, or are you using it as a way to get your expert people off more administrative tasks and onto what you're really about, which is understanding risk?" he said.

"The overall prize here is capacity. You're able to handle more new business and more submissions coming in. You're able to quote faster and convert better."

Underwriters stay in the decision. Henley sees AI taking on repeatable work while specialists spend more time on pricing, risk selection and relationships.

Some clients are using that capacity to expand appetite or enter lines they did not previously write. He said: "If you get those things right and the cost of processing a risk comes down sharply, then the economics of your whole book start to change."

From pilots to performance

Henley is sceptical of judging AI programmes by the number of pilots or proofs of concept under way. The tougher test is whether the technology is running on live business and producing measurable underwriting or financial results. "If you get it right, AI is able to put better risk information in front of underwriters – or brokers – faster, at the point of decision," he said.

Cleaner, more complete information should ultimately show up in the measures

insurers already use to judge performance. "How has this changed our hit ratio? How has this impacted our loss ratio? How has this impacted our combined ratio?" Henley asked.

His enthusiasm for AI comes with a sharp critique of what insurance technology has delivered before it. Much of the transformation Henley has witnessed during his career amounted to digitising existing processes without fundamentally changing the work or workflow. Core-system replacements, he noted, have sometimes consumed tens or hundreds of millions over several years for "questionable benefit".

"It's quite easy to run a proof of concept and also quite easy to run a pilot," he said. "Turning that into something real, something we are now relying on for the business –

“Growth in this market is going to come from the operating model, not so much the rate.”

whatever the AI is doing – is quite tough."

That distinction becomes more important as market conditions soften. Rate may be outside an individual company's control; the efficiency of its operating model is not.

"The soft markets will reward operators," Henley said. "While the whole market is debating rate, there's an opportunity right now to take real cost and cycle time out of your operating model."

On that basis, the AI race goes to the companies that turn the technology into measurable performance.

"The opportunity to move from pilots to production is now," he concluded. ●

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PROPERTY

Convex targets new pockets of growth

KEY POINTS:

- Opportunities in property
- Ambitious GWP targets met
- Lloyd's licence role critical

Where can a specialty insurer find growth in a softening market? For Convex, the answer lies in expanding into new lines of business, especially niche property occupancies.

Since launching in 2019, Convex has written some elements of property across product lines, whether it's reinsurance, casualty, project cargo and offshore construction.

This year, it will expand into property occupancies outside energy, possibly including manufacturing, telecoms and pharmaceutical. Speaking to analysts during a Q2 earnings call with parent company Onex, CEO Paul Brand said the specialty re/insurer was "a little bit underweight" in property.

On existing lines, Convex expects rate growth in political violence and US casualty, as well as healthcare and medical malpractice.

Another growth engine will be attracting more high-volume business such as US homeowners buying excess flood or windstorm coverage.

"From our perspective, we still believe there are pockets within the portfolio that show strong potential for growth next year," Doug Howat, chief underwriting officer, told *Monte Carlo Today*.

Property offers room for growth

Howat takes a long view over softening rates, pointing out that between launch in 2019 and 2025, pricing increased by 70% across its portfolio.

He said: "We believe there is still margin, even in lines of business that are coming off. We have benefited from the pricing increases seen since our launch, putting us in a position where we still believe there is underwriting margin across all our lines of business. Looking ahead to next year and our expectations for the rate environment, we still see opportunities for profitable growth."

Founded by industry veterans Stephen Catlin – founder of what became XL Catlin – and Paul Brand, Convex writes specialty insurance across the London Market, as well as reinsurance through Bermuda-based Convex Re.

“If you want a broad international property, casualty and specialty portfolio, you need the same licensing Lloyd's offers.”



Convex leads in about 40% of the insurance business it underwrites and covers classes such as aerospace, marine, energy (both upstream and downstream), property, political violence, US medical malpractice and, as a niche line, equine livestock.

"We were very fortunate that when we entered the market, clients and brokers were actively looking for new lead markets as a number of incumbents were withdrawing from certain classes," said Howat.

Lloyd's opens new avenues

Convex launched its own Lloyd's of London Syndicate 1984 back in February 2025, achieving its initial target of writing £150 million of gross written premium. This year it has doubled that target to £300 million. The syndicate reinsures some Convex lines of business and selected lines of international business, especially the ones it leads in.

In July it expanded its Lloyd's platform with the launch of Syndicate 1987, which focuses on casualty insurance and reinsurance, political risk and trade credit business, targeting £110 million in GWP.

Howat said being licensed by Lloyd's is a necessity for some lines to succeed in the London Market. These include cargo, fine art and specie and political violence.

He said: "If you want a broad international property, casualty and specialty portfolio, you need the same licensing Lloyd's offers. Up until last year, we didn't have that advantage. Part of our growth this year, and our continued expansion into next, will come because we now have those Lloyd's platforms. We have two syndicates, giving us access to business we otherwise wouldn't have seen on Convex paper alone."

And in June, Convex launched technology-led MGA Kinetic, targeting specialty and niche lines untouched by Convex's existing portfolio and backed by Convex and third-party capacity.

Kinetic is building underwriting cells to write lines of business "which are not necessarily in the sweet spot of Convex's core risk appetite", said Howat, such as more difficult to place political violence business.

Leadership a differentiator

And being a lead in 40% of business which it underwrites is a differentiator within a market with follow-only syndicates, which Lloyd's of London CEO Patrick Tiernan has already questioned the viability of as a business model. Convex does not run its own follow-only syndicate, nor does it provide any capital to others.

Said Howat: "We believe we add value to brokers and clients. We want people to place business with us because they care about having Convex on their slip, not just because we are part of a follow facility."

Despite marked softening in US property and global cyber, Howat describes the mood of the industry as it packs its bags for Monte Carlo as "fairly buoyant" with good underwriting returns and strong investment income. From a broker's perspective, there is plenty of capacity, so being able to place business became easier this year. Barring a bad Atlantic storm season, the industry will be looking at healthy underwriting returns at year end, said Howat.

He added: "We have other lines of business that are still evolving towards the full scale we expect. As a result, we still have runway available to continue growing into the leadership positions we aspire to across all lines of business." ●

GROWTH

Time for reinsurers to 'walk the talk'

Ahead of the January renewals, reinsurers must prove that promises of partnership and discipline survive the cycle, says VIG Re CEO Tobias Sonndorfer.



Reinsurers may face a more demanding test of their discipline at the January renewals, as strong industry results and abundant capacity put pricing discussions back in sharper focus. But for VIG Re chief executive Tobias Sonndorfer, the main question is how they will behave if competitive pressure intensifies.

"In order to succeed, you need to walk the talk," he told *Monte Carlo Today* ahead of the 68th *Rendez-Vous de Septembre*. "Continuity is important for us."

The mid-year renewals pointed to greater competition, particularly in property cat. Such themes are likely to remain important heading into 1/1. Sonndorfer cautioned against assuming that the course of the market is already settled, as supply and demand seek a new equilibrium, though a reversal of the current dynamics would probably require a combination of events rather than one shock in isolation.

Profits meet a harder risk reality

Reinsurers are reporting strong results just as the risks around their clients become harder to read. Sonndorfer described "a very resilient and profitable reinsurance market", helped by benign loss activity, but set it against an "elevated risk landscape" shaped by geopolitics, financial markets, energy, inflation and AI.

The greater challenge, he argued, is not assessing the portfolio itself, but understanding the environment in which it is being underwritten.

"The industry has the means and capabilities to assess a portfolio," he said. "What is becoming increasingly difficult is understanding the environment in which that portfolio is produced, and the risks and drivers surrounding it."

That uncertainty makes underwriting discipline more important.

Promises under pressure

VIG Re enters the 1/1 renewal having written nearly €1 billion [€995.6 million] in

KEY POINTS:

- Growth cannot dilute risk discipline
- Choosing the right opportunities will be key
- 'After renewal is before renewal'

gross premium and a net combined ratio of 85.7% last year, pursuing VIGRe28, a three-year strategy built around strengthening, expanding and accelerating the business.

The strategy includes deeper relationships in continental Europe, a broader role on client programmes, expansion in Asia, and investment in data, technology and talent, and the continued development of its tailored client solutions, including VIG Re's Special Markets Unit. But Sonndorfer stressed that its pace must remain responsive to the market.

"We do not compromise our underwriting discipline or our underwriting view through that strategy," he said. "It is about finding the

"In order to succeed, you need to walk the talk. Continuity is important for us."

right balance between being close to clients and delivering on our promise to be a partner, while maintaining a clear view of risk."

Competition will make that balance harder to maintain. Sonndorfer nevertheless sees room to grow, and adds that opportunities "require being close to clients and more communication. The challenge is not finding opportunities but choosing the right ones".

For him, growth therefore cannot come at the expense of what VIG Re is known for. "We do not want to compromise our view of risk," he said. "That is at the core of VIG Re and should remain so, regardless of its size."

A measured expansion

The reinsurer's plans in Asia reflects that approach. VIG Re received regulatory approval in June for a representative office in Singapore, extending an Asian presence that already includes business in Japan, South Korea and Taiwan.

When talking about expanding to other markets with potential in the region, Sonndorfer made it clear that the immediate objective is to establish VIG Re's reputation and explain how it wants to work before pursuing volume.

"In three years' time, we want to have built a pan-Asian portfolio, but we do not have a specific number we want to hit," he said. "Business production and growth should be the result of our activities, not the goal *per se*."

For Sonndorfer, the reinsurers that stand apart in this market will be those that understand the value of their product, maintain year-round client relationships and can execute consistently across the organisation.

"After renewal is before renewal," he said, underscoring that delivery and client relationships cannot be confined to a single negotiation or renewal date.

You can talk a lot and write nice things on slides, but at the end of the day, you need to deliver the product to the client," he added, emphasising the importance of reliability.

Sonndorfer stated that VIG Re would remain engaged with clients as conditions changed and work with them towards "a meaningful product, a meaningful solution".

Prices will inevitably dominate much of the discussion in Monte Carlo. Sonndorfer's broader point, however, is that success in a softer market will be determined by how reinsurers respond to greater pressure and find workable solutions for clients without allowing competition to dictate their view of risk. ●

Tobias Sonndorfer is chairman and chief executive officer of VIG Re. He can be reached at info@vig-re.com

START-UP

New broker eyes wholesale's top five

There has not been a new name breaking into the top ranks of US wholesale broking for some time. The E&S market has expanded significantly, but the number of meaningful wholesale players has consolidated rather than grown. The largest firms remain formidable businesses, yet the concentration at the top has also created space for a different kind of entrant.

That is the opening Novella is trying to exploit. Barely two years old, the New York-based wholesale E&S broker has raised \$21 million, expanded into Miami and Houston and set itself the goal of becoming a top-five US wholesale broker.

"The reason we think of top five is there hasn't really been a new player that's broken into that group in a long time," founder and chief executive Max Kane told this publication.

He is not predicting the displacement of the established wholesalers. Quite the opposite. "I think the large wholesalers will continue to be phenomenally good businesses," he said. "But I think a new class of companies will emerge that looks quite different from them in customer experience, structure and margin. That is what we want to be."

Aggressive expansion

Novella plans to build that business quickly. It is hiring specialist producers, building out individual verticals and taking a regional approach to expansion, with further offices planned.

The capital raise is supporting both that expansion and continued investment in the technology behind it. In August, Novella appointed Sarah Bourdeau as head of growth, tasked with expanding its independent-agent distribution and relationships with larger national retail brokerages.

Kane is already looking beyond the traditional boundaries of a wholesale broker. Novella has proprietary capacity arrangements with carrier partners and plans eventually to launch its own MGA.

"You'll hear a lot from us," he said. "Really aggressive growth as a brokerage. We already have some proprietary capacity arrangements with carrier partners, and there will be more of that."

Technology sits at the heart of that growth plan. Kane believes it can give a young broker an advantage against competitors with far greater scale, not by taking people out of

KEY POINTS:

- Novella targets wholesale top five
- Plans to launch its own MGA
- 'Super producers' underpin model

wholesale distribution but by allowing good producers to do considerably more.

"A lot of people are talking about AI taking jobs," he said. "Our point of view is that the best brokers will get significantly better at their jobs by adopting AI properly."

"We believe the best outcome in specialty insurance comes from pairing the best humans with the best technology to serve customers better."

From insurtech to broking

That conviction owes something to Kane's experience at Lemonade, where he worked on



“The reason we think of top five is there hasn't really been a new player that's broken into that group in a long time.”

non-direct distribution before leaving at the end of 2023.

One of the ideas underpinning the first insurtech wave, as Kane describes it, was that technology could circumvent brokers, insurers could go directly to customers, save commission and build those relationships themselves.

"That second part of the thesis was dead wrong," he said. "If you look at broker ownership of premium dollars, it has actually gone up over the last decade, not down."

By the time Kane was building out broker distribution at Lemonade, the admitted market was becoming harder and risks that

might previously have been written there were being declined. At the same time, independent agents in his network were complaining about having to take more business through the wholesale channel.

Then generative AI arrived. Kane saw those developments converging – a growing E&S market, agents frustrated with the wholesale process and technology becoming much better at digesting the large amounts of unstructured information that come with complex risks.

"Specialty insurance does not work that way," he said, contrasting it with earlier insurtech models designed around risks that could be put into a box and quoted through an API. "In some cases it is more art than science. Teaching AI the art of broking is what we have been working on for the last two and a half years."

That does not mean he sees the human nature of wholesale broking as something to engineer away. "This is a relationship business. These policies are large," he said. "Nobody is putting a credit card into ChatGPT to buy a million-dollar insurance policy."

Instead, he sees inefficiency in the work surrounding those relationships. Underwriters spend time assessing submissions that do not fit their appetite or never bind. Retail brokers can lose visibility after passing an account into wholesale, a process Kane says they regularly describe as a "black box". Producers themselves spend hours reading forms, preparing documents, reviewing loss runs and dealing with the operational work around a placement.

That is time they are not spending with clients.

Building the 'super producer'

Novella's answer is what Kane calls the "super producer" – keeping the judgment and relationship with the broker, while using technology to take more of the work surrounding them.

"The idea behind a super producer is that a producer using AI to do their job is going to be significantly better at what they do than a producer who does not use it," he said.

However, he is realistic. "AI will never conduct this interview. You are not going to speak to an AI version of me while we are getting to know each other and building a relationship. The same thing goes when selling insurance."

But he added: "Everything that underpins me as a producer can be AI." ●

CAPITAL

Capacity must prove its staying power

Record capacity is breeding confidence, but MS Re's Jörg Bruniecki warns the real test will be what capital remains available, and which partners remain committed, when significant losses materialise.



Reinsurance capital may be at an all-time high, but assuming it will all remain available when the market turns would be a mistake, according to MS Reinsurance's Jörg Bruniecki. He argues that clients should look beyond capacity available at the next renewal and consider the quality, commitment and staying power of the partners on their panels.

"There is definitely an abundance of capital in the market," Bruniecki, chief underwriting officer at MS Re, told *Monte Carlo Today*. But what differentiates providers, he argued, is "the quality of their capital and, alongside that, the permanence of their capital".

Traditional reinsurance balance sheets have grown, while investors are also entering or returning through ILS, catastrophe bonds and sidecars. But Bruniecki cautioned against assuming all that capacity will behave in the same way when the industry experiences cycle-changing losses.

"Third-party capital access is not a cure-all solution," he said. "It is certainly a valid and important part of the market, but access to capital at a single renewal date is not the same as having a committed counterparty through changing conditions"

A false sense of security

Bruniecki sees recent experience already influencing behaviour.

"Record levels of capital follow an unusually benign period for insured cat losses," he said. "This is creating a false sense of security in the market."

The relative absence of major hurricanes since 2023 has added to that confidence. "We are seeing classic recency bias at work. After a few years without a major loss event, many are treating recent experience as the new norm and discounting the lessons of long-term history."

He sees fear of missing out adding to the pressure.

"FOMO has driven the current dynamics in the property market, fuelled by this over-confidence it could never go wrong," he said.

KEY POINTS:

- Pricing is nearing the floor
- FOMO is fuelling property competition
- Quality and permanence of capital is key

"But catastrophe risk has always been cyclical, and markets can quickly be reminded of that reality."

That matters because a softer market does not mean a safer world.

The absence of a market-changing catastrophe does not mean the underlying risk has disappeared. Exposure to severe loss events, secondary perils and longer-tail uncertainties remains very real. At the same time, the economics are becoming less forgiving. Pricing is moving towards technically adequate levels, Bruniecki said, with some areas already below them.

"We're nearing a pricing floor," he said. "And as the market becomes tougher,

"A softer market does not mean a safer world."

companies still have to demonstrate that they can grow." That pressure could contribute to further consolidation across the insurance and reinsurance market, he added.

"We are reaching the point where, from a technical perspective, returns are getting closer to the cost of capital. We are therefore much closer to a breaking point. The excess margin has been squeezed out and the rules are changing."

Who stays through the cycle?

Bruniecki emphasised that abundant capital makes the distinction between available

capacity and long-term partners even more important.

"As the market shifts, this is the test: do you genuinely act as a long-term partner, or were you simply there when the market was very hard? Can the client rely on you to provide consistent capital over the longer term?"

For Bruniecki, the construction of a reinsurance panel is becoming increasingly important. In a market where capacity is abundant, and buyers have choice, they should think not only about price, but who understands their risks and will be their strategic partner over the long term.

Clients, Bruniecki added, can also accept difficult decisions.

"Clients do not mind receiving tough messages if those messages are delivered early, are consistent with your behaviour and are embedded within a clear strategy," he said.

"A strategy that is not executed is just a piece of paper," he added.

"The difficult message is that we need to find a compromise that works for both parties. It is a testing period because strategic partnerships require both sides to deliver their part to make the relationship work."

Recency bias can distort decisions

Maintaining discipline is complicated by a disconnect between the results boards see today and the market underwriters are actually writing.

Underwriters look at underwriting years; boards tend to focus on financial year results. Bruniecki cited engineering, where strong underwriting years from several years ago may only now be producing attractive financial results even though current conditions have moved beyond their peak. That can create pressure "to do the wrong thing at the wrong time".

Bruniecki said: "The perfume of premium is often just too alluring," adding that the challenge is to maintain a forward-looking underwriting view when reported results may still reflect business written under much stronger conditions. ●

BROKING

Specialist brokers can compete: Miller

Reinsurers should spend less time fighting over the same business at lower prices and more pushing the “frontier of insurability”, says Vincent Foucart, managing director for reinsurance at Miller.

That means bringing more risk into the market across cyber, AI, energy transition and casualty, while helping buyers use the price correction to improve their protection.

“I would rather advise carriers to be more proactive and show more creativity – or at least more ability to push the frontier of insurability on those societal issues – rather than just fight for the same business at a 20% discount,” he told *Monte Carlo Today*.

It is an argument that fits closely with Miller’s own reinsurance strategy. The broker has been expanding its treaty capabilities and geographic reach, but Foucart is clear that it is not trying to replicate the largest global firms.

“Miller is a specialist, niche broker,” he said. “We definitely don’t have the size of a global, but that’s not a problem. In every industry you have the globals, then you have specialists that can bring some very interesting things to the market.”

The specialist advantage

Miller completed its acquisition of treaty reinsurance broker AHJ in June 2025, adding established positions in the Nordic, Caribbean and North American markets. In August this year, it completed the acquisition of Shields Reinsurance Brokers, extending its reinsurance reach into the Middle East.

Foucart, who spent 16 years at SCOR before joining Miller, says the reinsurance operation now has close to 200 professionals. Its strategy, he said, is to build on Miller’s position as a historically strong London specialty broker to become the “preferred specialty reinsurance partner”. He said: “We want to bring top expertise and talent to the service of clients, with a focused approach to product expertise and to particular geographies.”

That strategy is playing out as the reinsurance market moves further from the conditions of the recent hard market. Foucart believes the price correction clients had been seeking has broadly taken place, while risk itself continues to expand.

“I would not call this a benign year,” he said, pointing to geopolitical and economic risks alongside wildfires, severe convective storms and other natural catastrophes. “I would

KEY POINTS:

- Specialist expertise offers an edge
- Miller sees growth beyond core treaties
- Market must push insurability frontier

even say the risk environment continues to expand. My general view is that the most sophisticated clients are taking advantage of the price adjustment and looking at what they can do with the savings in their budgets in terms of additional risk-transfer mechanisms,” he said.

“Ultimately, it is about using the benefit of reduced cost on one side to achieve better coverage for clients on the other.”

That starts with the existing programme. He describes the conversation as one of “core and satellite” – clients are seeking changes to attachment points and other terms and conditions on their core treaties, before looking



“We definitely don’t have the size of a global, but [...] can bring some very interesting things to the market.”

further afield at how they can extend their protection. “Terms and conditions are probably the story for this Monte Carlo,” he said.

Beyond the core, Foucart sees opportunities in structured reinsurance, delegated authority, smart-follow initiatives and other solutions aimed at managing retention and volatility. “For the reinsurance market, it is an opportunity to bring innovation, expertise and technical capability to the benefit of the client,” he noted.

‘Specialty is the story’

That is also where Foucart sees Miller’s specialist model becoming increasingly

relevant. “From a reinsurance perspective, I still believe specialty is the story,” he said. “The way to demonstrate the relevance of the reinsurance value proposition is the ability to serve beyond the traditional lines, in segments where clients are looking for expertise and capacity.”

“Miller is a perfect place to push specialty lines expertise.” Alongside the treaty capabilities added through AHJ and its increased geographic reach, Miller intends to draw on areas where its insurance and reinsurance businesses already intersect, including delegated authority, smart follow, facultative and structured reinsurance.

Foucart also sees an opportunity to work across clients’ businesses rather than treating assumed and ceded risk separately.

“How do you accompany clients in developing their underwriting plans while at the same time thinking about the management of net retention?” he said. “If carriers are open to that kind of dialogue with insureds, it can pave the way for additional opportunities in how we look at the business together.”

Miller’s position as a wholesale London broker offers another route to growth. Foucart believes it can work with local brokers seeking London structuring or placement capabilities without competing for their underlying clients. “We can be a non-conflicted London partner on both the insurance and reinsurance side,” he said.

He claims Miller’s reinsurance broking practice had grown by more than 15% after the first half of 2026, a performance he believes demonstrates the potential of the strategy. “Miller has all the ingredients to outperform in reinsurance broking,” he said. “We have a lot to bring beyond the core, in terms of product expertise and services for clients.”

Structural, not cyclical

Miller’s push to differentiate through specialist expertise reflects a wider challenge facing the reinsurance market itself – demonstrating value beyond price.

After the profitability generated during the hard market, carriers now need to show that both their returns and their relevance to clients can endure through the cycle. “Reinsurance carriers have to prove that their level of profitability and relevance in the market are structural, not cyclical,” he said. ●

EXPANSION

More capital does not mean less risk

As Deutsche Rück expands across international markets, its CEO says abundant capital cannot justify a return to the inadequate pricing of the last soft cycle.



The international footprint of Deutsche Rück has been growing steadily since 2020, when it first ventured in a meaningful way into markets outside Europe. This year, that strategy was consolidated when it formed its International Growth Markets division, consolidating its property/casualty operations across the Middle East, Asia, and Latin America under one roof.

That, says Achim Bosch, CEO of Deutsche Rück, will allow it to improve portfolio resilience and capitalise on strategic overseas expansion. He emphasised the strategy is not driven by growth for growth's sake, but by the aim to build a more diversified and resilient portfolio. He explains it is also a question of bringing together markets that share similar characteristics from Deutsche Rück's perspective.

"These regions offer comparable growth opportunities, face similar challenges and require a comparable operating model. That is key," he told *Monte Carlo Today*. "They are characterised by a relatively high number of client relationships and treaty contracts, which makes efficient and focused management particularly important."

He said: "Bringing these markets together allows us to leverage the expertise we have, establish consistent processes and serve clients effectively, while recognising the specific requirements of each market. The objective is to combine regional insight with stronger global portfolio steering."

A market normalising, not weakening

Bosch notes that capital in the industry remains strong and profitability robust. But he is also mindful that the market is softening – and is adamant that the market cannot afford to make the mistakes of the past.

"The reinsurance market is moving into a phase of normalisation after several years of rate hardening," he said. "Competition has increased in selected segments, particularly property-catastrophe business."

"However, we would caution against a return to the rate levels of the last cycle, which were insufficient. The underlying risk environment, which is the key thing here, has fundamentally changed. Our most important risk drivers are

KEY POINTS:

- International units merged
- Caution in softer markets
- Discipline is now key

no longer just temporary challenges; we think they are here to stay. They include climate-related exposures, geopolitical tensions, cyber and claims inflation, now enduring features of our risk environment."

"Therefore, increased capital availability should not be mistaken for a reduction in the underlying risk. More capital does not mean less risk; more capital also does not mean that less premium is needed. The key question remains whether pricing and terms adequately reflect the new realities."

There is nuance to this, Bosch said. Different risk drivers affect regions, lines of business and client segments differently.

“Diversification only creates value if the risks are genuinely understood, properly assessed and are appropriately priced.”

Thus, he anticipates a differentiated market environment rather than a broad-based soft market. "Competition is likely to increase where loss experience is favourable and risks are well understood. Business exposed to greater uncertainty will continue to require careful underwriting and risk selection, with appropriate pricing discipline." For Bosch, capital strength alone is not a measure of success. Ultimately, sustainable success will depend not on the amount of available capital, but on the ability to deploy it responsibly and consistently over the long term.

This caution is not driven only by the last soft market. One of the most formative periods for Deutsche Rück was its international expansion

of the early 1980s. Faced with economic recession, inflation and pressure on earnings, the company expanded internationally to achieve growth and diversification. While the strategic rationale for the acquisition was sound, parts of the business acquired through the London Market proved significantly more loss-making than anticipated.

"That experience taught us a really painful lesson that remains highly relevant for us, and for the whole market today: diversification only creates value if the risks are genuinely understood, properly assessed and are appropriately priced," he said.

He explains that lesson marked a turning point for Deutsche Rück and led to a very strong focus on technical expertise, disciplined portfolio management and deep risk analytics. One outcome was the development of its natural catastrophe modelling capabilities, which was pioneering for the company and the market at that time.

"The principle that emerged from that period still guides us today is that we only write risks we understand," he said. "The success stemming from that discipline enabled us to follow another important principle: we finance our growth through our own strength and our own earnings. That may lead to a slower path of development, but it is sustainable. It ensures our independence from the short-term interests of external capital providers."

Discipline, Bosch argues, should not be mistaken for caution at the expense of responsiveness. Clients increasingly expect both technical expertise and timely decisions, particularly in an environment marked by heightened uncertainty.

S&P Global Ratings recently reaffirmed Deutsche Rück's A+ rating with a stable outlook, and the group also secured its first A+ rating from Fitch this year. "The rating does not change the strategy. It confirms the approach we have pursued for decades, focused on stability, financial strength and sustainable growth." ●

Achim Bosch is the chief executive officer of Deutsche Rück. He can be contacted at: achim.bosch@deutscherueck.de

UNDERWRITING

Brit mulls property cat sidecar for 2027

Brit, the global specialty re/insurer, might launch another property catastrophe sidecar in 2027 and will be talking to investors at Monte Carlo.

The London Market and Bermuda re/insurer launched its original property catastrophe sidecar Versutus back in January 2015 with an initial \$75 million in investor capital.

"We've got relationships with sidecar investors. We've got discussions at the Rendez-Vous with them, and we may restart the cycle into 2027," he said in response to a question about whether the company would consider another sidecar.

Asked which line of business he thought could work for a sidecar, Sullivan pointed to "property cat".

Brit has also explored launching a casualty sidecar but, because of the long-tail nature of claims, which might not see a final tally for anything up to a decade, "it's not quite an attractive enough product at the moment for us as it might be for another carrier", said chief underwriting officer Jon Sullivan.

Speaking to *Monte Carlo Today* before the RVS, Sullivan did make a brace of predictions ahead of players meeting up in Monte Carlo ahead of the renewals.

Retentions face pressure

First, that retentions by cedants will come under pressure at the January renewal due to overwhelming amount of reinsurance capacity in the market. According to Gallagher Re, global dedicated reinsurance capital stood at \$648 billion in 2025.

Second, that no re/insurer will be immune to softening prices. Brit itself is braced for a single-digit rate reduction across its whole book in 2027.

Brit, whose origins go back to 1995, describes itself as having "three shop fronts": its main Lloyd's Syndicate 2987 – which Sullivan describes as "kind of the mothership" – holds 80% of its premiums; another 10% in Syndicate 2988, which began trading in 2017 and the final 10% in its Bermuda-based Brit Re reinsurance arm.

Sullivan describes Syndicate 2988 as "the best of Brit", where it still has appetite but is tapped out. "It's business we like in Syndicate 2987, but want to write more of," said Sullivan. "2988 means we can write this through a separate syndicate."

KEY POINTS:

- Cedant retentions face pressure at 1/1
- Brit braces for single-digit rate decline
- Casualty, war and terror offer growth

Brit Re, established in 2007, started out as a property and casualty reinsurer, but has expanded into casualty treaty, direct and facultative property and specialty line reinsurance.

Although Brit writes across 50 different classes, it is strong in property ("a very large part of our book") as well as in other short-tail lines excluding construction and aviation. It also maintains strong positions in treaty, particularly London placement, and cyber.

Sullivan said: "If you grabbed someone's slip case on Lime Street, which is actually

lines, especially property "where we've had the biggest margin in the last few years, which has not gone unnoticed by the rest of the market, and the competition's come in pretty heavily".

For Sullivan, the key thing is not finding growth but maintaining margin – its red line for combined ratio is 95% across the portfolio. So Brit is running a strong property book with a combined ratio in the high 80s, it could then run its casualty book at more than 100%. That's the golden rule for its underwriters – even if that means reducing the book.

Sullivan said: "You can see in the market where people have grown at the wrong point of the cycle. It takes an awful long time to get back into sync. It's not just a one-year thing, and we don't want to get into that position.

"The way we're thinking about the book is not to react to the risk-adjusted rate change so much as react to the margins. So, even if a minus 15% rate reduction is pretty gloomy, if there's still 10% of headroom in there, I would tell my underwriters to stay on it."

Pushed as to which lines Sullivan does see room for growth, he points to casualty, which is seeing positive rate coming through, as well as war and terror due to the Middle East conflict. Other specialty lines including marine, energy and cargo are also seen as growth opportunities.

Data centre cover

Of course, Brit is exploring offering data centre cover along with everybody else but "we're not rushing to put \$100 million lines down just yet".

Back in May, Lloyd's of London CEO Patrick Tiernan questioned the business model of "follow-only" syndicates that don't have genuine lead capacity when it comes to writing risk.

Sullivan concurs. Smaller and traditional follow-only syndicates have put a squeeze on the market, the Brit CUO said.

"If you're a \$500 million syndicate, where you are probably not big enough to demand what you want, you're going to get squeezed by the orders on these multi-class facilities. That's probably a tough place to be."

Echoing Warren Buffett, who famously said, "Only when the tide goes out do you discover who's been swimming naked", Sullivan said that in a hard market everyone looks good, whereas a downturn reveals who's lost their bets. ●



“The way we’re thinking about the book is not to react to the risk-adjusted rate change so much as react to the margins.”

probably quite hard to do these days, and looked for cyber leads, it would tend to be us, and two other very well-known names in some kind of permutation.”

Brit also enjoys a 10% share of the contingency market, and is strong on terrorism cover, particularly in the UK.

Property margins tighten

However, in a softening market, "it's pretty tricky finding growth", Sullivan concedes. Headwinds include tightening shorter tail

SPECIALTY REINSURANCE

Specialty plays by different rules

Whilst most reinsurance prices are down and sliding further following one of the most severe cyclical pricing declines in recent memory, some specialty classes are bucking the trend, says Willis Re.



By Jon Ogilvie, global head of non-marine specialties, Willis Re

Reinsurance in 2026 is a market of two speeds. Property catastrophe and retro are in one of the most significant softening cycles in decades, with reinsurer capital at record levels and profits strong. In contrast, the market for several specialty lines reinsurance is much less uniform. We see pockets of tightening, and some class bifurcation by segment.

Bifurcation grows in marine

Marine classes are diverging across insurance and reinsurance. Driven largely by the 2024 Dali collision with Baltimore's Francis Scott Key Bridge, marine liability reinsurance costs are very likely to rise. The claim is already the costliest-ever marine loss. One component, a \$2.5 billion civil settlement between Maryland and the shipowner, fell to the mutual International Group of P&I Club's \$3 billion excess-of-loss reinsurance programme and from there will flow into the reinsurance and retro markets.

The marine hull insurance market, in contrast, is bifurcated between war-exposed and standard marine risk. The Strait of Hormuz has been largely blocked since February 2026, causing war-risk rates for Gulf transits to spike from a typical 0.25% to as high as 10% of vessel value. They have since declined to as low as 3% but have risen lately.

In contrast, marine reinsurance capacity exceeds technical demand. Rate reductions are unlikely to match property cat, but softening is anticipated barring any major losses.

Cyber reinsurance has experienced several years of material rate reductions. The pace of those declines is falling, however, as the threat continues to escalate. July renewals typically declined by up to 20%, but cyber aggregate excess-of-loss rates had fallen by 30% at 1 January.

Capacity oversupply is the predominant driver. With it comes lower attachment points, which are now commonly set at a

KEY POINTS:

- Marine liability likely to harden
- Cyber rate declines are slowing
- PV&T is the standout hard market

115% or 120% loss ratio. Some portfolios will attach below 100%. This different kind of bifurcation shows some reinsurers seeking volume at low attachments, whilst others prefer higher, less volatile layers.

Aviation is also divided and the picture is complex. Hull and liability pricing continue to recalibrate amid elevated claims activity, supply chain pressures, geopolitical uncertainty and reinsurance discipline.

As a result of these competing rating pressures, pricing is increasingly differentiated by exposure. US airline risk

“Reinsurance in 2026 is a market of two speeds. We see pockets of tightening, and some class bifurcation by segment.”

faces a materially tougher environment due to higher attritional losses, social inflation and liability severity. Excess-of-loss programmes saw low single-digit rate increases at 1 January, with hardening more pronounced in retro layers than first-tier reinsurance. Quota shares have stayed largely stable in capacity and commissions, however.

General aviation remains softer. Abundant capacity is fuelling generally soft market conditions, despite persistent attritional losses.

Losses rewrite the exceptions

Meanwhile aviation war is under strong pressure. Some war insurers withdrew capacity and imposed triple-digit rate increases following the mid-2025 Middle East tensions.

Concentration risks remain a key concern. A June 2025 Commercial Court ruling also meant that insurers were required to pay under war-risk policies for aircraft stranded in Russia after the invasion of Ukraine. AerCap alone secured a \$1.035 billion judgment, now under appeal. The outcome will have implications for how war risk total-loss disputes will be treated going forward.

Overall, loss activity has been a greater driver than geopolitics alone. The American Airlines loss and the Air India incident are flowing through quota share and XoL structures, potentially affecting upper layers and hull-war-specific programmes. These claims could directly influence how programmes are structured and priced.

General sentiment in the accident and health market is one of adequate capacity and stable-to-moderately firming prices. The trend is driven by rising large-claim severity (rather than cat-style volatility), particularly in niches like specialty pharma and gene/cell therapies. A&H continues to behave more like a steady margin business than a capital cycle-driven one.

PV&T breaks from the pack

The standout hard market of the year is terrorism and political violence. PV&T tightened sharply at 1 July as strikes linked to the Islamic Revolutionary Guard Corps reshaped Middle East underwriting appetite. The rethink has been compounded by civil unrest elsewhere. With global PV&T premium at only about \$1.5 billion, Willis Re estimates that Hormuz-related war, terrorism and political violence claims have already reached as much as \$3 billion, for a loss ratio nearing 200%.

In response, Middle East energy PV&T is now quoted at up to 10% rate-on-line. That is set to continue because standalone PV&T is typically non-cancellable mid-term (unlike marine war risk, which can be cancelled on short notice and repriced), insurers are required to hold pre-conflict pricing until renewal. That means the hardening will keep flowing through for several cycles, even if the geopolitical situation stabilises. ●

CASUALTY

No time to relax on casualty risk

Casualty's difficult years are getting older. But SiriusPoint's CEO does not think that means the industry can afford to forget them.

Scott Egan believes time is gradually providing greater confidence around the older accident years that produced significant adverse development across the industry. But with casualty rates under pressure from social inflation and emerging liability risks still developing, he sees little reason to become less cautious.

"There's no such thing as casualty. It's made up of lots of different lines," Egan told *Monte Carlo Today*. Individual classes, risks and underwriting years will inevitably behave differently, making broad conclusions unhelpful.

"The old years cost the industry a lot of money. We've seen it right across the industry," he said.

Corrective action followed, including a sustained period in which casualty rates significantly outpaced inflation. Egan believes that gap is now narrowing: "On average, the rates are, I would say, in line with or slightly above inflation. They've definitely come down a little."

While rates are beginning to moderate, Egan will continue to review the direction of travel, which makes the lessons embedded

KEY POINTS:

- Adverse reserve years hold warning
- Rates leave narrower margin for error
- Reserves must reflect social inflation



“We take a very prudent approach to reserving.”

in insurers' back books particularly relevant. "Eventually time passes, and you get a lot more comfortable in the back years and that they're not continuing to step out. But I do think everyone's cautious, and rightly so," Egan said.

Reserving for uncertainty

At SiriusPoint, that caution is reflected in reserving. The company has recorded 21 consecutive quarters of favourable prior-year development, something Egan argues reveals a deliberate philosophy rather than good fortune.

"That doesn't happen by accident. We take a very prudent approach to reserving.

"We would rather reserve higher then see it come through, as opposed to reserve aggressively then potentially run the risk, given some of the trends that the industry has witnessed around reserves, social inflation and emerging liability risk."

Those trends are not confined to one source of uncertainty. Asked which the industry should be paying greatest attention to, Egan's answer was immediate: "All of them".

Casualty will always require patience. Recent underwriting years need time to mature, and the ultimate impact of changes in frequency and inflationary trends remains uncertain.

For Egan, that makes vigilance particularly important just as some of the pressure that drove the market's corrective action begins to ease. "You cannot fall asleep in this game," he said. "Otherwise, you will definitely go backwards and get hurt." ●

THREAT

AI drives surge in vulnerability disclosures: Beazley

Newly disclosed vulnerabilities surged in the second quarter of 2026 as agentic AI accelerated security research, but compromised credentials remained the dominant route into organisations hit by ransomware, according to Beazley Security.

Beazley Security's Quarterly Threat Report found vulnerability disclosures rose 36% quarter-on-quarter, while vulnerabilities confirmed as actively exploited and added to CISA's Known Exploited Vulnerabilities catalogue increased 10%.

Beazley Security Labs attributed the disclosure surge to the rapid operationalisation of agentic AI across research programmes. Volumes had historically remained within a 10% quarter-on-quarter range before increasing 18.5% in Q1 and another 36% in Q2.

The influx is making prioritisation harder for security teams. NIST is no longer enriching every new CVE, while HackerOne's Internet Bug Bounty paused submissions citing AI-assisted research. Beazley Security Labs also issued 40% more critical zero-day advisories to clients than in Q1.

Despite threat actors experimenting increasingly with AI, compromised credentials accounted for 67% of ransomware intrusions investigated by Beazley Security, down from 74% in Q1. Internet-facing VPN and remote desktop services remained among the targets.

Ransomware leak-site postings dipped to 2,268 but remained nearly 60% above Q2 2025. The report also highlighted TeamPCP's compromise of the TanStack developer package suite, which led to more than 500

million downloads of infected packages within hours, and JADEPUFFER, assessed by Sysdig as the first ransomware campaign driven end-to-end by a large language model.

Business email compromise also remained common, with attackers increasingly abusing Microsoft's device-code authentication flow to capture session tokens while victims complete legitimate sign-ins and satisfy MFA requirements.

Alton Kizziah, CEO of Beazley Security, said AI had made defenders' jobs "noisier without making the attacker's job fundamentally different", although AI-assisted attacks were increasing in frequency and effectiveness. He urged organisations to maintain cybersecurity basics and assess how AI tools are being used and governed. ●

REINSURANCE

Cedants sharpen reinsurer selection

Property cat capacity might be plentiful, but casualty tells a different story as cedants become more selective about the reinsurers they choose, AXA XL Reinsurance CEO Renaud Guidée tells *Monte Carlo Today*.



Cedants are becoming more selective about the reinsurers behind their protection as contrasting conditions emerge across different parts of the market, according to AXA XL Reinsurance CEO Renaud Guidée.

While property catastrophe capacity remains plentiful, some cedants are still struggling to complete casualty placements – evidence, Guidée said, that there is no single reinsurance market.

“To me, there’s not one single market in reinsurance, and the market is actually pretty fragmented,” he told *Monte Carlo Today*. “What I have noted is that lately, several cedants are struggling to complete their placements in casualty. So it tells you that the picture can be pretty contrasted.”

“There’s not one single market in reinsurance, and the market is actually pretty fragmented.”

At the same time, buyers are looking more closely at who is providing their capacity. “They really discriminate and select between the reinsurers available to them,” Guidée said.

Demand for protection is also growing as weather events, geopolitics, macroeconomic volatility and technological change add to the risks facing businesses. “Precisely because the world is more risky, people want more protection,” he said.

Discipline over drastic change

AXA XL Reinsurance will remain guided by client demand while preserving diversification across its portfolio, Guidée said. “We are very happy with the current balance of our book,” he said. “There’s no drastic rebalancing to be expected. It’s more a sense of continuity and

KEY POINTS:

- Property cat capacity remains plentiful
- Casualty placements remain challenging
- Cedants increasingly scrutinise security

stability that we can provide to our clients.”

That does not remove the need to make choices about where to deploy capacity. Guidée pointed to underwriting judgment, client relationships and portfolio management as critical to identifying attractive business.

“There’s not one single answer, or a magic wand which would be pointing towards a gold mine where you could write every business. You obviously have to exercise a great deal of scrutiny,” he said.

More than capacity

That scrutiny increasingly runs both ways. Guidée said established relationships can give reinsurers a deeper understanding of a cedant’s business, while allowing both sides to identify issues that might not become apparent during a placement.

“With those clients with whom we have a true strategic partnership that we have been able to develop over time, we can mutually reinforce our respective strengths by unlocking some roadblocks, by unveiling some blind spots,” he said.

Financial security is another factor as cedants differentiate between reinsurers. Guidée pointed to AXA XL’s financial strength as part of the security clients are buying alongside capacity. He tied that directly to the fundamental promise behind reinsurance. “When the whole world is crumbling, when everything falls apart, we will keep standing and keep fulfilling our promises to our clients,” he said.

New risks test underwriting

The same emphasis on understanding the underlying risk is becoming increasingly important as exposures change. Guidée

pointed to AXA XL’s research with the Cambridge Centre for Risk Studies on wildfire risk. The work has examined not only the role of the environment but also growing property exposure as development extends into areas close to forests and the wildland-urban interface.

“It’s a mix of hazard and also exposure,” he said, adding that the research helps AXA XL work with clients to understand their risk profiles better.

Data centres pose a different challenge because the industry has less underwriting experience to draw on. “Everybody is learning by doing,” Guidée said.

AXA XL Reinsurance prefers to work with insurers providing 100% coverage for

“When the whole world is crumbling, when everything falls apart, we will keep standing and keep fulfilling our promises.”

an individual data-centre asset or campus rather than shared and layered programmes, allowing it greater visibility over the underlying exposure. “Shared and layered programmes create a bit more obfuscation,” Guidée said, making risk aggregation and monitoring “more challenging”.

For Guidée, that makes understanding the risk – and the counterparties behind it – increasingly important as the market evolves. With capacity plentiful in some areas but constrained in others, both cedants and reinsurers are becoming more deliberate about where and with whom they do business. ●

Renaud Guidée is the chief executive officer of AXA XL Reinsurance

PROPERTY & CASUALTY

2027 renewal: Soft but not reckless

Reinsurance pricing pressure is set to persist into 2027 as returning capacity fuels competition for better-performing portfolios, but the market is unlikely to slip back into the indiscriminate softening of previous cycles as reinsurers maintain a sharper focus on risk quality and returns.

That is the view of Mat Storr, head of reinsurance at Antares Global, who goes to the Monte Carlo *Rendez-Vous* expecting the way to be paved for an orderly renewal, with underwriting discipline hardened by the lessons of previous cycles holding back any free-for-all as capacity returns. Not all cedant boats need rise with every tide.

“Capital is available, but it is being deployed with much greater scrutiny around attachment points, exposure quality, data, governance and long-term profitability,” Storr told *Monte Carlo Today*.

While pressure is evident across property, marine and specialty and casualty, Storr said reinsurers have become increasingly sophisticated in differentiating between portfolios – leaving the market “finely balanced” and potentially vulnerable to a rapid change in tone should catastrophe losses, adverse development or investor appetite turn against it.

“We are likely to see a more disciplined approach than in previous soft markets because the industry has learnt some expensive lessons over the past decade,” Storr said.

“I expect 2027 to be characterised by relative stability if loss activity remains within

KEY POINTS:

- Softening rewards the strongest risks
- 2027 stability comes with tripwires
- Data centre growth is the real test

current expectations,” Storr told *Monte Carlo Today*. “There is little appetite to repeat historical pricing mistakes.”

But Storr’s “relative stability” comes with an escape clause: it holds only for as long as the loss trends do too. An outsized loss year, deteriorating reinsurer returns or a shift in



Mat Storr

investor appetite could “quickly alter the tone of the market”.

Cedants that bring credible proof of “strong underwriting discipline, transparent data and consistent performance” can walk away satisfied, well supported by their panels. Anyone arriving with a briefcase full of

“optimistic assumptions” or hint of weaker governance or insufficient exposure controls might find reinsurers “increasingly selective.”

As cedants and reinsurers prepare for 1/1/2027 talks, differentiation is now clearly entrenched across an increasing variety of metrics criss-crossing by cedant and by line. Portfolio quality, loss performance, attachments points and exposure management paint pictures with a fine brush. Storr calls out recent loss activity in the marine specialty market to highlight how the market can distinguish the best accounts from the rest.

Scrutiny increasingly extends beyond the numbers presented in renewal talks and even beyond just the cedant carriers. Storr said reinsurers want a deeper understanding of how cedants, MGAs and/or other handlers of their capital are run, with governance, claims management, exposure controls and operational oversight becoming “just as important as historical loss ratios”.

The notion of “long-term meaningful partnerships” is being built out well past the annual meeting of counterparties to trading relationships, Storr indicates.

The same discipline will be tested as the market chases emerging pools of premium. Storr identifies the data centre boom as a significant opportunity spanning property, construction, engineering, cyber and specialty, but warns on much-discussed concerns over accumulations and infrastructure dependencies. ●

REPORT

Large corporates might have to double their cyber limits

Cyber insurance rates have fallen for a fourth consecutive year, but some of the market’s largest buyers could remain significantly underinsured, according to Swiss Re.

Large corporates buy average limits of about \$120 million in the US and \$90 million in Europe, yet losses exceeding \$120 million have occurred around 10 times a year on average over the past five years. Depending on their risk profile, some companies might need to double their limits.

The global rate decline eased from about 13% in 2025 to 5% in 2026, largely as US

pricing stabilised amid pressure on insurer profitability. Competition remains stronger in Europe, where rates are falling faster.

With capacity still exceeding demand, Swiss Re sees greater opportunity in attracting new buyers and addressing inadequate limits than competing for existing premium.

Global cyber premium is projected at \$16.4 billion in 2026 and \$17.1 billion in 2027, maintaining a 5% compound annual growth rate since 2022. North America accounts for around 65% of premium and Europe 21%.

Smaller businesses represent a significant growth opportunity. Only 5–10% of micro-

SMEs and 10–20% of SMEs buy cyber insurance, compared with 60–70% of large corporates. Swiss Re expects small businesses to generate \$4.9 billion in premium in 2026.

The report also identifies AI as an evolving cyber exposure rather than an entirely new category of risk. AI can help attackers identify vulnerabilities and automate attacks, while also strengthening companies’ threat detection and response.

Swiss Re says insurers should clarify how existing policies respond to AI-driven incidents and ensure pricing keeps pace with changing exposures. ●

PRICING

Reinsurance seeks an equilibrium

With excess margins narrowing and capacity plentiful, DEVK Re's Fabian Pütz says the industry must find a sustainable floor without sacrificing technical discipline.



Reinsurance is becoming an increasingly important part of DEVK's portfolio. Since Dr Fabian Pütz was given responsibility for the business, through his roles on the board of DEVK and as CEO of Echo Re, he has been tasked with strategically growing it while navigating a softening market.

DEVK Re passed €1 billion of premium from non-DEVK business in 2025. Together with Echo Re, the two platforms now write some €1.5 billion in GWP, around 25% of DEVK Group's overall premium income.

Pütz's objective is to maximise reinsurance's diversification contribution to the group while maintaining underwriting discipline and a long-term perspective.

Current capitalisation levels and unused catastrophe budgets for 2026 mean softening pressure may continue into renewals, he suggests. Yet he is careful with the terminology. "I would not yet call this a soft market, but the excess margins created after the hard market have clearly narrowed and in some cases even been depleted," he told *Monte Carlo Today*.

He is keen to manage expectations. He says DEVK has made clear stakeholders should not expect high-teens to mid-20s RoEs to persist indefinitely. Pricing is "normalising" and the industry has been "lucky" with benign loss activity in 2025 and 2026 so far, Pütz said. "On a normalised basis, results would certainly look somewhat different.

"The market is at an important inflection point. The question is whether we collectively allow the cycle to move into a soft market phase, or whether we are able to establish a more sustainable new equilibrium," he added.

Discipline must hold

For Pütz, sustainable pricing is also about the wider role insurance and reinsurance play in supporting economies and societies. Allowing the market pendulum to swing too far in either direction can weaken that role, he said, making long-term discipline a shared responsibility across insurers and reinsurers.

KEY POINTS:

- Reinsurance increasingly key to DEVK
- Offers important diversification
- Discipline vital in a softening market

There is cause for some optimism. The market has remained firm on structures and attachment points. "Maintaining appropriate retentions and alignment of interests is just as important as headline pricing when it comes to preserving technical quality," Pütz said.

"On pricing, the real test will be whether reinsurers are prepared to follow through on their stated willingness to walk away from business where terms move beyond what is justified technically or strategically."

One difference this time is that the market's strong capital position has largely been built within existing balance sheets,

“Historically, the industry has not always been effective at finding a floor at technically adequate levels.”

rather than through an influx of new third-party capacity.

"That means discipline is very much within the industry's own control. If we speak about technical adequacy and cycle discipline, we also need to demonstrate it in how we deploy capital."

That is not always an easy message to convey to shareholders when strong results naturally create pressure for growth.

"The challenge in reinsurance is that today's underwriting decisions determine tomorrow's results, while current earnings

may still be supported by business written under more favourable market conditions. This creates a particular risk of underestimating cycle effects and accepting business that may look attractive in the short term but erodes portfolio quality over time."

A different perspective

He does have a benefit over many CEOs. Pütz's responsibility for both the inward reinsurance portfolio and outward reinsurance purchasing gives him a perspective from both sides of the cycle.

"Discipline should not be seen only as a seller's obligation. Buyers also face an important strategic choice: whether to push pricing to the absolute limit in the short term, or to allocate their reinsurance programmes in a way that strengthens long-term resilience with partners that have demonstrated reliability when market conditions were more difficult."

He expects the reinsurance portfolio to remain broadly stable in GWP in 2026, with no pressure to pursue short-term top-line targets.

"Our diversified portfolio across P&C, specialty classes and regions, combined with a competitive cost ratio and strong group capitalization, gives us resilience and allows us to maintain competitive hurdle rates without compromising underwriting discipline."

There are nevertheless opportunities to grow in peak cat segments in North America and lines where DEVK has strengthened its technical capabilities, including international casualty.

"As part of a mutual group, we have the long-term commitment and mandate to grow the business in a disciplined, step-by-step manner. Retained earnings and a growing and already very strong capital base provide the foundation for this growth over time." ●

Dr. Fabian Pütz is a board member of DEVK Re and chief executive of Echo Re. He can be reached at: fabian.puetz@devk.de and fabian.puetz@echore.com

GROWTH

Margin the north star as rates ease

Achieving margin, not growth, as pricing comes under pressure is the north star for Laure Forgeron, Scor's newly appointed global chief underwriting officer for P&C.

She nevertheless sees opportunities for profitable growth where underwriting discipline is maintained.

Forgeron, who spent more than 16 years at Swiss Re, sees growth in selected natural catastrophe and specialty lines including credit and surety and inherent defects insurance (IDI), specialised insurance which covers against hidden flaws in building design and construction.

She also sees "great potential to grow" Scor's facultative business. "We come to Monte Carlo strong with already a diversified portfolio, and I think it will create for us opportunity to continue to perform well in the next sub-cycle," Forgeron said.

Scor is comparatively small compared to the rest of the European big four reinsurers, but being "relatively small in terms of organisation, enables us to be more agile," she said. "I think Scor is a very interesting combination between a very deep and broad underwriting expertise, combined with very

KEY POINTS:

- Nat cat and specialty offer growth
- Facultative has 'great potential'
- Secondary perils demand vigilance

diversified access to risk pools and client proximity." Scor is also considering expanding sidecars and continuing its Atlas catastrophe bonds, although Forgeron said this is "not the main priority".

Given the summer Europe has just endured, with total economic losses from wildfires

costing anything up to €19 billion, according to AccuWeather, and insured losses in France alone of anything up to €14 billion, according to Morningstar DBRS, Forgeron said she is "vigilant" when it comes to modelling these higher frequency, harder-to-estimate natural catastrophes.

"As an industry and as a CUO, I am very vigilant that we keep our ability to assess risk up-to-date, specially as it becomes more uncertain and more complex. Not only making sure we keep abreast of extreme weather type of events and we can model for those but also making sure that we understand and anticipate some of the geopolitical uncertainty, as well," she said.

Forgeron described Scor as both "confident" and "cautious" heading into Monte Carlo. Reinsurers have delivered solid results so far in 2026, while increasing risk complexity continues to drive demand for protection, she said.

"What makes me optimistic is that we expect the increase in demand for risk protection to continue," she concluded. "So, as the world becomes more digital, more connected, more uncertain, risks are becoming more complex and that drives higher demand." ●



Laure Forgeron

NEWS

ILS market grows more than 8% per year over five years

The ILS market has grown by an estimated 8.3% a year over five years, with catastrophe-bond capital rising 17% during 2026 to \$63.4 billion, according to Aon Securities' 20th annual ILS report.

P&C sidecars reached \$23 billion, about 50% above year-end 2024, helping push global alternative reinsurance capital to a record \$144.5 billion in the first half of 2026.

Aon attributed the increase in sidecar capital to earnings from existing vehicles and capital raised through new asset-driven structures. Premium levels supported underwriting margins, while high interest rates boosted income on assets backing longer-tail liabilities.

The report cited Hamilton Group's multi-year casualty sidecar through Ada Re, backed by Sixth Street, as an example. Aon expects Hamilton to cede about \$300 million of casualty reinsurance premium to the vehicle, allowing it to support the business without

funding the full exposure from its balance sheet.

Catastrophe bonds also set records, with 78 sponsors issuing \$24.9 billion, 15% above the previous high of \$21.8 billion. Insurers accounted for 65.2% of issuance, driven partly by rising insured values and changes to US catastrophe models that increased property capital requirements.

Public-sector deals included \$1.15 billion of wildfire protection for the California FAIR Plan and \$160 million of earthquake and extreme-precipitation cover placed by the Asian Development Bank for Kyrgyzstan and Tajikistan.

Geographic diversification, however, remained limited: 90.1% of new catastrophe-bond issuance covered North American risks, compared with 3.8% for Europe.

Investors received \$13.8 billion in maturing principal and \$7.1 billion in coupon income, helping the market absorb record new issuance.

Aon's catastrophe-bond index returned 12.5%, supported by risk spreads, collateral income and an absence of material loss-triggering events.

Sponsors are also placing catastrophe-bond protection further down reinsurance towers rather than reserving it for remote tail risk. Deals carrying modelled expected losses of at least 5% increased to 10.1% of issuance from 4.7%.

Aon said the expansion across risks and products was establishing ILS as a more foundational source of reinsurance capital while continuing to attract investors.

"The past 12 months marked an important milestone for the ILS market," said Richard Pennay, CEO of Aon Securities. "As the market expands across additional risks and products, it is providing clients with another source of durable capital while continuing to attract investor interest." ●

EXPOSURE

Data centres hide aggregation risk

Inconsistent exposure data across different business lines prevents reinsurers from aggregating their true total line on a single site.



Antonin de Benoist



Luke Wedmore

Reinsurers could unknowingly accumulate significant exposure to a single multibillion-dollar data centre through different cedants, treaties and business lines, creating concentrations that may not be visible in conventional exposure data.

Several insurers may each cover part of the property risk, while a reinsurer could ultimately carry exposures spanning energy, cyber, casualty and political risk tied to the same site, according to Luke Wedmore and Antonin de Benoist.

"The value of these new data centres is so high that any single insurer is having to put out their maximum line on any data centre," Wedmore, senior research analyst at global insurer and reinsurer MS Amlin, told *Monte Carlo Today*. "If we reinsure multiple of these underlying insurers, we're suddenly exposed to this aggregation risk as a reinsurer."

The challenge is becoming more pressing as AI drives investment in larger, more complex data centres and pushes development into areas exposed to natural catastrophe and other risks.

Citing the March 2026 Iranian drone strikes on AWS facilities in the UAE and Bahrain, de Benoist, chief operating officer and co-founder of exposure management technology company Allphins, said the resulting physical damage, power disruption and cloud outages affecting banking and payment systems illustrated how a single event could cut across several insurance classes.

"In that instance, you have multiple touch points across property, political risk, energy, casualty and cyber," he said. "The common denominator to it is the location of the asset, but location is actually not the core current attribute. Property, Political Violence give you an asset. Casualty, Political Risks and Cyber give you an insured name."

Multiple tenants add another layer of complexity. The same facility may be insured by different insurers and ultimately reach one reinsurer through several cedants and treaties, de Benoist said. "These new data centres that are required for AI are much larger than the previous data centres that were being built," Wedmore said. "Because they're larger, they need more space, more energy, more cooling facilities."

KEY POINTS:

- AI drives bigger data centre builds
- Single sites span multiple classes
- Higher values demand tighter lines

Hidden aggregation

In May, MS Amlin said it had examined more than 670 US data centre projects under construction or planned. It found 51% of the projects, representing \$670 billion of investment, were in states at high risk of tornadoes, large hail and damaging winds.

But while that research showed where data centres faced storm risk, it did not tell MS Amlin how much exposure it had accumulated to individual sites through its own reinsurance portfolio. Its reinsurance underwriters therefore asked Wedmore's team to identify each data centre in the portfolio and aggregate its exposure to each site across cedants and classes.

"We know where the data centres are, but we just don't necessarily know where the data centres are in our exposure data," Wedmore said.

"We know where the data centres are, but we just don't necessarily know where the data centres are in our exposure data."

Public lists identified the sites, but MS Amlin could not calculate its exposure across entire campuses and associated infrastructure.

"We wanted to make sure we captured all of that infrastructure in any aggregation analysis that we were doing," Wedmore said.

That gap led the company to Allphins, which combined public data with MS Amlin's proprietary list of newer sites missing from open-source databases. The portfolio could then be matched against those locations and exposures aggregated across reinsurance classes.

"We were able to run our portfolio against it and make decisions off the back of that," Wedmore said. "This visibility allows us to

deploy capacity responsibly to support the sector's growth while maintaining underwriting discipline." He said the cross-class view had become important to underwriters, with the capability now being developed further.

Infrastructure drives risk

Identifying accumulation, however, is only the first step. Knowing the total exposure to a campus does not reveal what might cause a loss or how that risk should be priced.

Allphins has footprints for about 2,000 sites, but those boundaries do not yet capture all the operational characteristics that can determine risk. "What is missing today is really the type of power source, the backup generation, the fuel type, the type of cooling system, the interdependencies with other assets nearby," de Benoist said. "The next phase, which is happening now, is really to build up this database," he added. "We are aiming for a lot more attributes and information."

For Wedmore, that information will become increasingly important as the values at stake rise.

"These are such high-value assets that they require diligent underwriting, careful management of your line size, and careful selection of risks," he said.

No loss benchmark

The challenge for reinsurers is that they are having to understand these concentrations without the benefit of a major data centre loss to demonstrate how exposures might interact.

"It's an industry that is evolving very fast, and where we haven't seen any large market event to learn from, and where losses are a bit hidden," de Benoist said. "Facilities are built by very large companies which have their own captives, and where the retention is very high, so you might not see all the attrition on the claim side." ●

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CAPACITY

Capital glut, no reason for victory lap

Reinsurers may have to work harder – and more creatively – to deploy capital profitably on an increasingly crowded market at the 2027 1/1 renewal, but can still generate attractive growth by expanding coverage, toying with innovative structures, addressing emerging risks and dancing adeptly with third-party capital.

That's the word from top officials at global reinsurance brokerage house Guy Carpenter, which recently rebranded to Marsh Re.

With traditional and alternative capital at record levels, the broker calls 2027 a buyer's market where capacity alone will no longer differentiate reinsurers. In its place, Marsh Re rolled out a litany of opportunities across frequency protection, cyber, digital infrastructure, parametric products and selected casualty and specialty lines.

"The question reinsurers have to answer is much simpler and much harder: What is their value proposition to insurers, and why them?" Laurent Rousseau, Marsh Re's CEO of global capital and advisory, and Europe and IMEA, said. "Abundant capital should be a wake-up call, not a victory lap."

Marsh Re has a better plan

It has the sound of a 'please don't walk away' plea. With risks ever-present, the big risk for Marsh Re might be reinsurers tempted to ease up and hand more profits to shareholders.

"Listed reinsurers have accustomed their shareholders to pretty generous capital returns in the form of dividends and share buybacks," Rousseau said in warning. "That is hard to step back from... there is a ratchet there that is difficult for reinsurers to reverse. Capital return is an important form of discipline, but returning capital should only be discipline, not a direction."

Marsh Re has better plans for their capital on conviction that long-term reinsurer relevance awaits amid "the risks that truly matter to cedants".

Property is softening amid the more severe supply overhang, but Marsh Re sees opportunities to supplement traditional severity protection with covers addressing frequency losses, particularly from the secondary perils.

"Cedants still need severity coverage to protect capital, but those that are exposed to those frequency perils also need to

KEY POINTS:

- Capacity alone no longer cuts it
- But don't send capital back to owners
- Frequency cover moves up on agendas

address both earnings and underwriting performance," Jenn Paretchan, Marsh Re's global head of distribution and market relations, said. Parametrics, both occurrence and aggregate, could be big for 2027, she said.

Frequency reshapes retro

Retro options for property reinsurers are abundant in their own right. The CEO of Marsh Re Bermuda, Richard Morgan, claimed aggregate retro buying is up "around 50% over the last couple of years" among Marsh Re clients and that some 40% of retro buyers have some form of frequency

Marsh Re officials claim in full chorus with the broader industry. "For reinsurers with both the capital and the appetite, digital infrastructure represents one of the clearest market opportunities in 2027," Paretchan said in the Marsh iteration.

Casualty could have some turning points: litigation funding reform in the US has now covered 16 states with another 16 mulling bills, to "have a stabilising effect on the market" and encourage a "healthy casualty offering", Paretchan said.

"D&O shows a promising pricing uptick after years of rate erosion towards what she now hints might be "back to a more sustainable position".

'Not one size fits all'

Specialty lines offer a less uniform picture, according to Morgan, with recent loss experience exerting considerably more influence over individual programmes than the broader abundance of capital.

Marine entered 2026 in meaningful softening, but that momentum has moderated on a major jump in the Baltimore bridge loss estimate, conflict in the Middle East and a series of onshore energy losses. Renewal outcomes might vary widely. "It's not one size fits all in that market," Morgan said. "It's really quite reactive to individual programmes."

The war, terrorism and political violence market faces particular pressure. Marsh Re estimates that the class generates roughly \$2.5 billion of annual premium, while Middle East losses alone could reach around \$2 billion. The standalone market might see its first losses in excess of premium since the September 11 attacks.

Aviation reinsurance has remained slightly firmer than other specialty classes, reflecting continued Ukraine-related loss development and a string of other claims. Morgan fears the size of US liability awards could put continued upward pressure on the line.

The result is a market awash with capital but hardly devoid of places to put it. The easy answer – adding another interchangeable line of capacity – might no longer be enough. Marsh Re's case heading into Monte Carlo is that reinsurers willing to reshape programmes, cross class boundaries and put third-party capital to work can still find profitable places to play. ●



“Abundant capital should be a wake-up call, not a victory lap.”

Laurent Rousseau

protection in programmes. "I think we'd expect that theme to continue as we enter 2027," he said.

Cyber risk are in transition amid AI-driven threat acceleration. Threats can now develop over a couple of hours versus a couple of years back in 2020, Paretchan said. "So buyers are reassessing cyber reinsurance strategies, increasing cessions alongside enhanced event and aggregate protections," she said. Reinsurers have their own accumulations and aggregations to worry about.

Digital infrastructure in and around data centres is the obvious growth channel,



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EXCLUSIVE

MS Amlin pushes for 33% cyber growth

KEY POINTS:

- Ambitious 2027 cyber target
- Step-by-step growth planned
- Cat treaty book refocused

Specialty re/insurer MS Amlin plans to increase its cyber premium by one third in 2027, growing the line in both insurance and reinsurance from about \$30 million to \$40 million.

Next year, it plans to expand its cyber offering to facultative cyber reinsurance (large, one-off risks) in addition to its existing treaty reinsurance and delegated authority offerings.

According to Fitch Ratings, cyber rate declines have largely bottomed out while S&P Global Ratings forecasts average hikes of 15% to 20% in 2026.

Cyber growth gathers pace

MS Amlin, the London Market-focused arm of Japanese insurance giant MS&AD, started writing a modest \$5 million cyber treaty book in 2023-24 then expanded to writing direct cyber insurance through a couple of well-established, large MGAs last year.

It sees a similar step-by-step growth opportunity in marine lines.

On top of that, it says there is potential to expand its Viribus Re property retro sidecar, established in 2018, and Singapore-based Phoenix Re natural catastrophe third-party capital vehicle, launched in 2021, beyond just writing property catastrophe risk.

Viribus Re currently provides a 10-12% quota share on MS Amlin's cat treaty book, accounting for £20-25 million of premium of £100 million of GWP in the US and another £120 million outside the US.

Phoenix Re was established to meet demand from investors for Asian property catastrophe risk, structured as a bouquet of cat bonds, which this year will write \$115 million of premium. MS Amlin plans to grow this to \$150 million next year.

Long-term thinking

All these initiatives exemplify what chief underwriting officer Martin Burke sees as its long-term thinking, getting away from normal one-year plans when it comes to the Lloyd's market in favour of five-year thinking.

Heading into Monte Carlo, Burke, a classics fan, compares MS Amlin to Odysseus in The

“We are in unique position in being the only Lloyd's entity inside (our) group with great access to the 80 markets it operates in.”



Odyssey who, instead of stuffing his ears with wax not to be swayed by the short-termist siren calls of the upcoming Monte Carlo Rendez-Vous, finds a way through RVS by focusing on the longer term.

Part of this wider thinking is due to being part of the deep-pocketed MS&AD Group with its \$45 billion market capitalisation.

Burke said: “MS&AD has been very supportive over the whole period since the 2015 acquisition... we are in the unique position of being the only Lloyd's entity inside the group with great access to the 80 markets it operates in.”

“We are in a very lucky position. We have got a mature portfolio combined with the fact that we have long-term support from our parent, which means we can take a strategic view of client relationships.”

Two thirds of MS Amlin's portfolio is insurance and one third reinsurance. Its four main focus areas are: marine and natural resources, casualty and cyber, property and crisis management, which includes political violence, political risks, credit and product recall.

Sixty per cent of the insurance business goes through managing general agents (MGAs) and 40% through the open market including natural resources and its commercial property book.

Overall premium in 2025 was £2.2 billion and GWP for 2026 currently stands about £1.4 billion.

When it comes to reinsurance, the traditional core has been treaty property catastrophe. Treaty has subsequently been broadened to include casualty treaty, marine, aviation, crop, terror and financial lines, split between the US and internationally.

US cat book refocused

Meanwhile, MS Amlin has repositioned its US reinsurance catastrophe treaty book to focus on

larger, more meaningful losses, refocusing from lower-severity, higher-frequency risks. What this means in practice is moving away from regional state insurers to national writers.

Rather than see the market as growth versus margin, Burke feels things are more nuanced. The trick is to “keep attuned to the risk-adjusted return”, he said, pointing to a niche lines such as US trucking risk, which might have a thin margin but is predictable.

Burke sees himself as very hands-on when working with his underwriting teams.

“One of the things I like about our culture is we have maintained a village feel about our underwriting. I actually spend a lot of my time day-to-day in underwriting team meetings.”

Going back to his Odyssey analogy, as the various re/insurer vessels converge toward the perilous strait of Monte Carlo, Burke says it will be an opportunity to see which people are swayed by the song of the siren, who have “wax in their ears and which just jump overboard”.

“As a reinsurer, we are there to remind people that we've provided support to them when the market's been bumpy over the last couple of years. It was relatively aggressive renewal season last year, and we are keen to bring people back to the table to talk about the longer-term trends you can observe in all manner of natural catastrophe and non-natural catastrophe risks around the world.

“The environment we're in now, to some extent, means things that seemed nearly impossible can now be seen as probable – from shifting trade agendas or the Middle East or wildfires or climate risk. When you're in a situation where you're potentially reaching tipping points for risk that you didn't expect, make sure you're partnering with the right people. I think that is the message that actually works both inwards and outwards for us.” ●

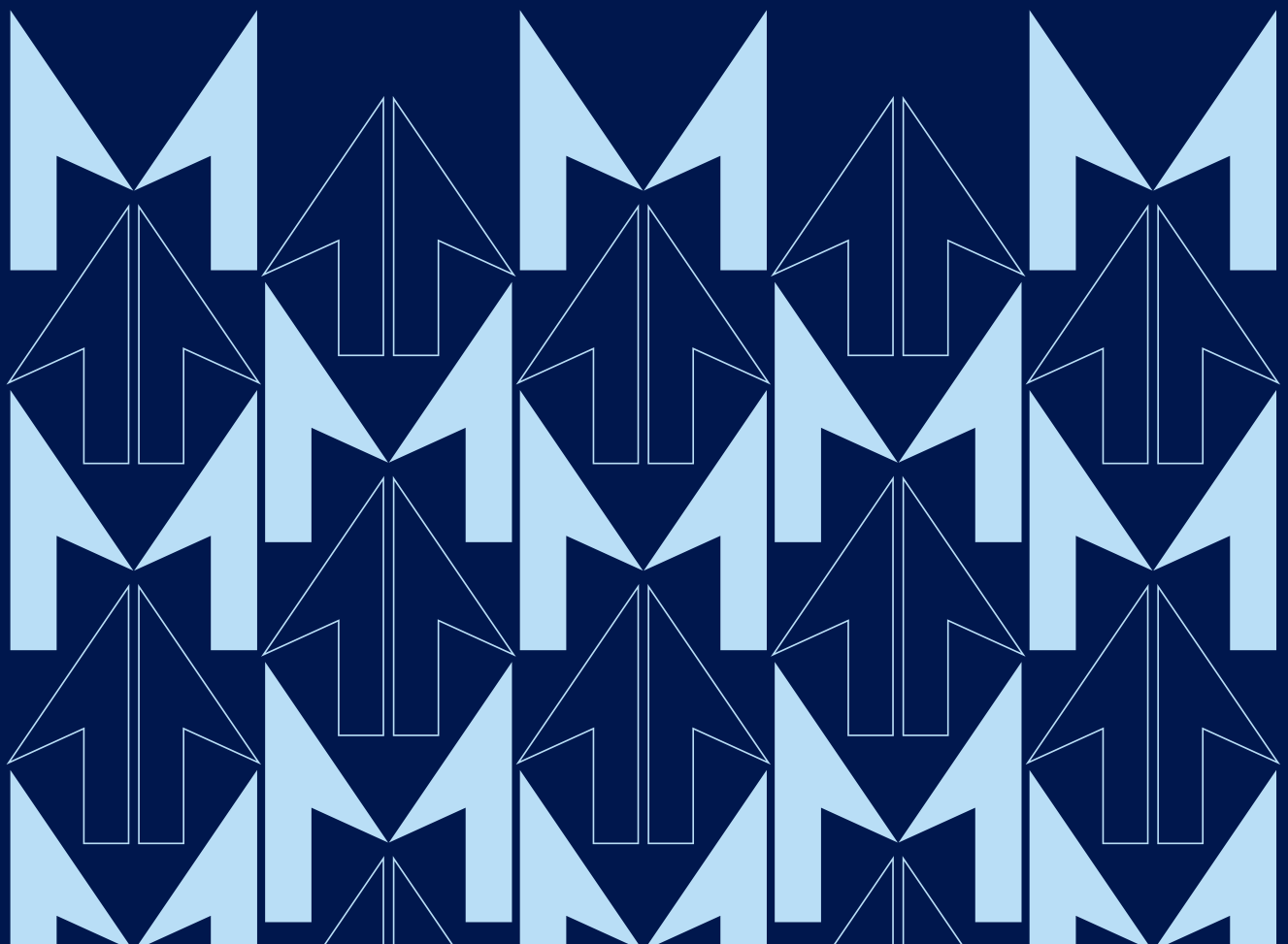
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SOLUTIONS

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KEY POINTS:

- Pricing discipline remains key
- Most cedants hold reinsurance buying
- Hannover Re prepared to walk away

Reinsurers face thinning margins if they continue competing for the same established placements.

Rather than compete solely for existing business, they can support new structures that bring more retained risks into the reinsurance market, believes Tobias Andersson, managing director at Howden Re.

"If all reinsurers want to grow and want to using the same pie, we all know where that leads," Andersson told *Monte Carlo Today*.

Current European market conditions are robust, Andersson said. "We have good margins with reinsurers. Whilst risk premia generally are at an elevated level, we don't have any major losses. There is plenty of capacity."

Margins face pressure

His concern was about prospective margins, noting that geopolitical tension, climate change and cyber risk had raised risk premia, while record capital supply was increasing competition for reinsurance business.

At the same time as capital is becoming more plentiful, the underlying risk landscape is becoming more complex. Geopolitical disruption has already made some marine and energy classes harder to place and driven prices sharply higher.

Andersson said elevated oil prices could have a wider effect if they fuelled inflation and weakened economic growth.

More complex supply chains also increased potential business interruption losses when a critical component could not be produced or delivered.

"Reinsurers have had a couple of really healthy years result-wise, but margins are thinning," he said. "We all know the game of supply and demand, and then at the same time, we know that in absolute terms, the protection gap globally is growing every year."

This is why Andersson is adamant it is time for innovation. "We have the greatest need and greatest opportunity to innovate as an industry because it's in everyone's interest that if we grow the pie, there are more opportunities for the businesses to do more



“Reinsurers have had a couple of really healthy years result-wise, but margins are thinning.”

business, as well as making societies and companies more sustainable and protected against high risk."

Expanding the reinsurance pool

The hardened market has left insurers retaining more risk, even as new risks and perils emerge, he says, asking: "How are those protected? Are they protected in a good way, or is that all just staying with insurance companies?"

Those gaps present two distinct opportunities. Additional layers or solutions could transfer part of the losses that

thing in a way because if we would have been innovative enough, some of this could have potentially been picked up by reinsurance."

What he means is that the absence of a major reinsurance loss does not necessarily mean there is no opportunity to transfer more of the underlying risk.

Cyber is another gap. Activity and number of cyber attacks are increasing, even without a catastrophic event. "I think we are getting closer," Andersson says.

Where emerging exposures remain difficult to cover conventionally, alternative structures could provide a way to begin transferring the risk.

Parametric insurance, for example, could provide a starting point because it pays when an agreed threshold is met, while leaving some basis risk.

"Maybe you're left with a bit more basis risk, but it's clearer for both parties," Andersson says. "If X happens, then you get this payout rather than leaning on definition. That can be a way of learning a new peril."

“If all reinsurers want to grow and they want to grow using the same pie, we all know where that leads.”

insurers absorb before existing reinsurance responds. New cover could address exposures that current programmes do not protect adequately, particularly climate-related risks.

This year's wildfire activity is an example. "We've seen big losses in the US these last few years coming from wildfires. In Europe, there is growing wildfire activity, even though it has not yet caused any massive insured losses.

"There are insured losses this summer for sure, but I am not sure it will have a bad impact on reinsurance. Maybe that's a bad

Buyers seek new solutions

At Monte Carlo, Andersson expects cedants to seek cover they did not already have, as well as competitive prices. "Buyers are well aware that the supply of reinsurance capacity is plentiful," he said.

"I'm talking, of course, about a competitive price. But I'm not only talking about that. I'm talking about solutions that they do not necessarily have in place today that could help protect them in better and more sustainable ways." ●



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INVESTORS

ILS strategies face a softer market

For ILS managers, what Hiscox Capital Partners describes as a “generational high market” has provided a particularly strong backdrop for investors. But it has also meant some capital has only known one version of the market, so some strategies were constructed under conditions that are already shifting.

“We’ve been fortunate to come from a generational high market – three amazing years,” Vincent Prabis, managing principal, told *Monte Carlo Today*. “Some of our recent investors have never been through a softening market.”

For Prabis, consistency through that transition does not mean preserving portfolios designed for a specific point in the cycle. Rather it means executing the plans laced into the foundations: maintaining the underwriting discipline and analytics that underpin them while being prepared to adjust where capital is deployed.

Prabis explained the necessity for



Vincent Prabis

foundational education during on-boarding as well as an ongoing dialogue with investors about how the opportunity is developing, including when parts of an existing strategy warrant reconsideration.

“At certain times, we need to revisit the strategy and adjust it to the current market conditions. This is a concept we explain from the very beginning.”

Investor expectations have also evolved. Some allocators have been active in ILS for

more than 20 years, while many have dedicated teams and are accustomed to managing the cycle. Others take a total portfolio approach, continually assessing ILS against competing alternative assets. Prabis indicated that many investors are still staying through the softening.

For newer entrants, the conversation necessarily looks different. Large events, trapped collateral and softer conditions might remain theoretical rather than lived experience, making the track record of previous cycles part of the discussion.

“Even if someone started investing three or four years ago, and so far has never experienced a softening cycle, that doesn’t prevent us from showing the track record, showing the historical results.”

The challenge beyond the hard market, then, is not to preserve what worked at its peak. It is to distinguish between the discipline that should remain constant and the strategy that might need to move with the cycle. ●

REPORT

Abundant capital tips reinsurance market: Fitch

Abundant capacity is expected to push the global reinsurance market further in buyers’ favour in 2027, with Fitch Ratings forecasting weaker pricing and some loosening of terms and conditions as competition intensifies.

The deterioration is expected to be most pronounced in property reinsurance, while casualty should prove more resilient as reserve and loss-cost pressures continue to constrain underwriting appetite.

However, Fitch warned excess supply could ultimately push casualty rates towards inadequate levels.

The shift comes despite another highly profitable year for reinsurers. The sector recorded a combined ratio of 86.1% in the first half of 2026, improving from 92.7% a year earlier. But that headline masks a less favourable movement in underlying performance.

Cat losses accounted for just 3.5 percentage points of the combined ratio in H1 2026, down from 10.9 points a year earlier, when the California wildfires weighed heavily on results. Meanwhile, the underlying

KEY POINTS:

- 2027 combined ratio forecast at 94.2%
- Alternative capital hits \$144.5 bn
- Strong 2026 masked by low cat losses

reinsurance combined ratio deteriorated by 2.3 percentage points to 85.8%, from 83.5%.

Fitch expects that pressure to become more visible in 2027, forecasting the overall combined ratio to rise from 88.1% in 2026 to 94.2% next year. Net income return on equity is also forecast to fall from around 17% to 14%, although that would remain comfortably above Fitch’s estimated 8% to 10% cost of capital.

For now, reinsurers appear willing to sacrifice volume to defend margins. Reinsurance premiums declined 6% in the first half of 2026, reflecting lower pricing, exposure reductions, non-renewals and smaller line sizes.

“We do expect premium revenues will be constrained as reinsurers prioritise profitability over growth,” Fitch said.

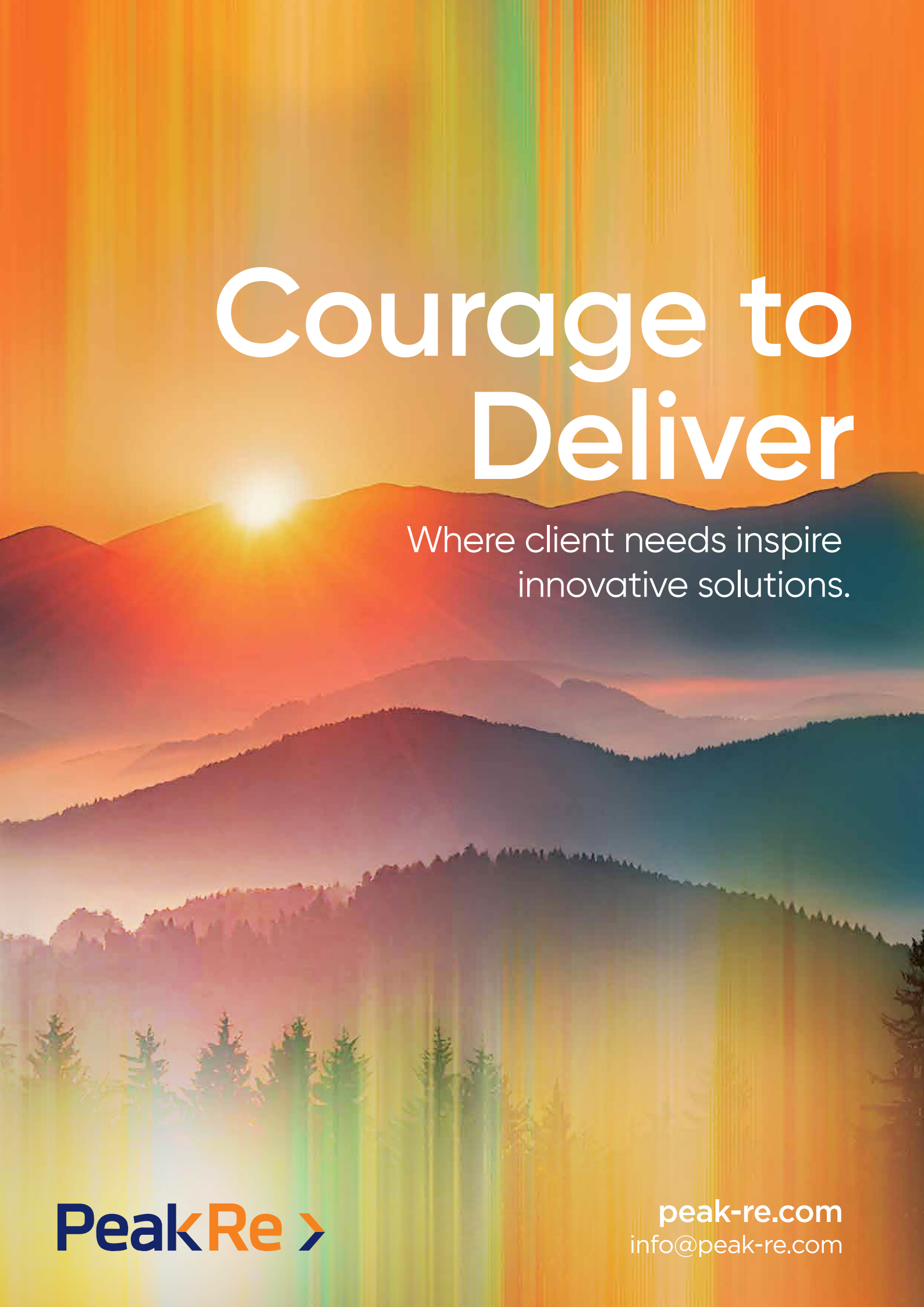
The challenge will be maintaining that discipline as more capital competes for risk. Alternative reinsurance capital increased from \$136 billion to \$144.5 billion, while traditional capital was broadly flat in the first quarter.

Catastrophe bond capacity reached almost \$64 billion by mid-year, with almost \$16 billion issued during the first half.

Strong ILS returns and growing sponsor participation are feeding additional capacity into the market, while cat bond spreads have tightened towards levels last seen in 2021. Fitch expects double-digit ILS returns in 2026 for a fourth consecutive year.

That supply is also expected to put greater pressure on terms and conditions, which have remained comparatively resilient through much of 2026, as abundant capacity gives buyers greater leverage.

Reinsurers enter that environment from a position of strength. As of September 2026, 88% of Fitch-rated global reinsurers carried stable outlooks, supported by recent record profitability, strong capital buffers and reserve adequacy. ●



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DATA CENTRES

\$100bn data centres capacity gap

The extraordinary pace of investment in data centres could create one of the biggest new opportunities for the global reinsurance market in decades, with potentially trillions of dollars of assets requiring insurance as the infrastructure supporting AI and the wider digital economy expands.

Michael Millette, co-founder and managing partner at Hudson Structured Capital Management, estimates that the build-out could ultimately require between \$75 and \$100 billion of additional reinsurance capacity by 2032.

“There has already been more than \$1 trillion of CapEx invested in data centres, and we estimate there’ll be about another trillion dollars a year invested for at least the next six years. The total by year-end 2032 will be \$7 trillion plus. That investment will require insurance and ultimately reinsurance,” he told *Monte Carlo Today*.

He stresses that not all of that investment will translate directly into total insured value (TIV). Millette believes much of the infrastructure will ultimately be developed or acquired by real estate development firms, which will then enter into sale-and-leaseback arrangements with hyperscalers using the facilities.

But he still believes the value needing insurance will be significant. He estimates that some \$5 trillion will end up on developer balance sheets. He describes this as a good starting point as a ballpark for a total insured value number.

He notes that this ownership structure could also help solve one of the more difficult questions surrounding data centre risk: how to quantify business interruption associated with AI. “BI and AI is almost impossibly abstract and difficult to quantify,” Millette said. “But BI to a real estate firm is an interruption in rent. That’s a much more contained problem.”

The role of reinsurance

That potentially separates two very different exposures: the complex business interruption risk could remain with the hyperscaler, while the physical property exposure sits with the real estate owner and becomes a more conventional proposition for insurers. The question then becomes how much reinsurance is needed to support it.

Millette estimates that, as the market

KEY POINTS:

- \$7 tn of data centre CapEx by 2032
- \$100 bn of reinsurance needed
- Might mean diversity for ILS

matures, around \$20 billion of reinsurance could be required for every \$1 trillion of data centre exposure.

He reaches that figure partly by benchmarking the opportunity against the US homeowners market. There is, he estimates, a little more than \$71 trillion of homeowners TIV in the US, supported by approximately \$285 billion of reinsurance. This is equivalent to roughly \$4 billion per trillion dollars of insured value.

He explains that this relationship is ultimately driven by probable maximum loss

offer one major advantage. “Data centres are actually extraordinarily non-cat exposed,” Millette said.

Unlike residential properties, huge numbers of which are concentrated in hurricane, earthquake and other natural catastrophe zones, data centres have no inherent need to be located in areas of high natural catastrophe exposure.

Balancing those characteristics, Millette believes \$20 billion of reinsurance per \$1 trillion of exposure represents a reasonable mature-market assumption.

“When you look down the whole landscape to 2032, the industry is going to need to grow a stack of \$75 to \$100 billion of reinsurance in order to stand up \$7 trillion of property, \$5 trillion of TIV,” he said. “And that’s a big lift.”

Even using the more conservative homeowners benchmark of \$4 billion of reinsurance for every \$1 trillion of TIV, the industry would still need to develop around \$20 billion of capacity in a relatively short period.

Learned experience

Millette expects the underlying insurance to be written predominantly by established industrial insurers rather than capital markets investors. The greater opportunity for alternative capital is likely to emerge in the reinsurance stack behind those carriers. “There’ll be a certain amount of sidecars and a certain amount of collateralised reinsurance or even cat bonds.”

Over the longer term, however, he believes data centres could become an attractive risk for both reinsurers and insurance-linked securities investors, not simply because of the size of the opportunity, but because of the diversification it could provide.

“In the long run, this is a great risk for both the capital markets and the reinsurance markets,” Millette said.

He explains that a large pool of data centre exposure could effectively add another peak risk to global property portfolios, potentially reducing their dependence on traditional natural catastrophe exposures. “This improves the global property cat portfolio because it adds another peak risk, which means better global cat risk pools,” he said. “That’s true for reinsurers, and that’s true for capital markets investors.” ●



“The industry is going to need to grow a stack of \$75 to \$100 billion of reinsurance in order to stand up \$7 trillion of property, \$5 trillion of TIV.”

(PML) calculations. A one-in-250 PML is typically used on homeowners’ exposures.

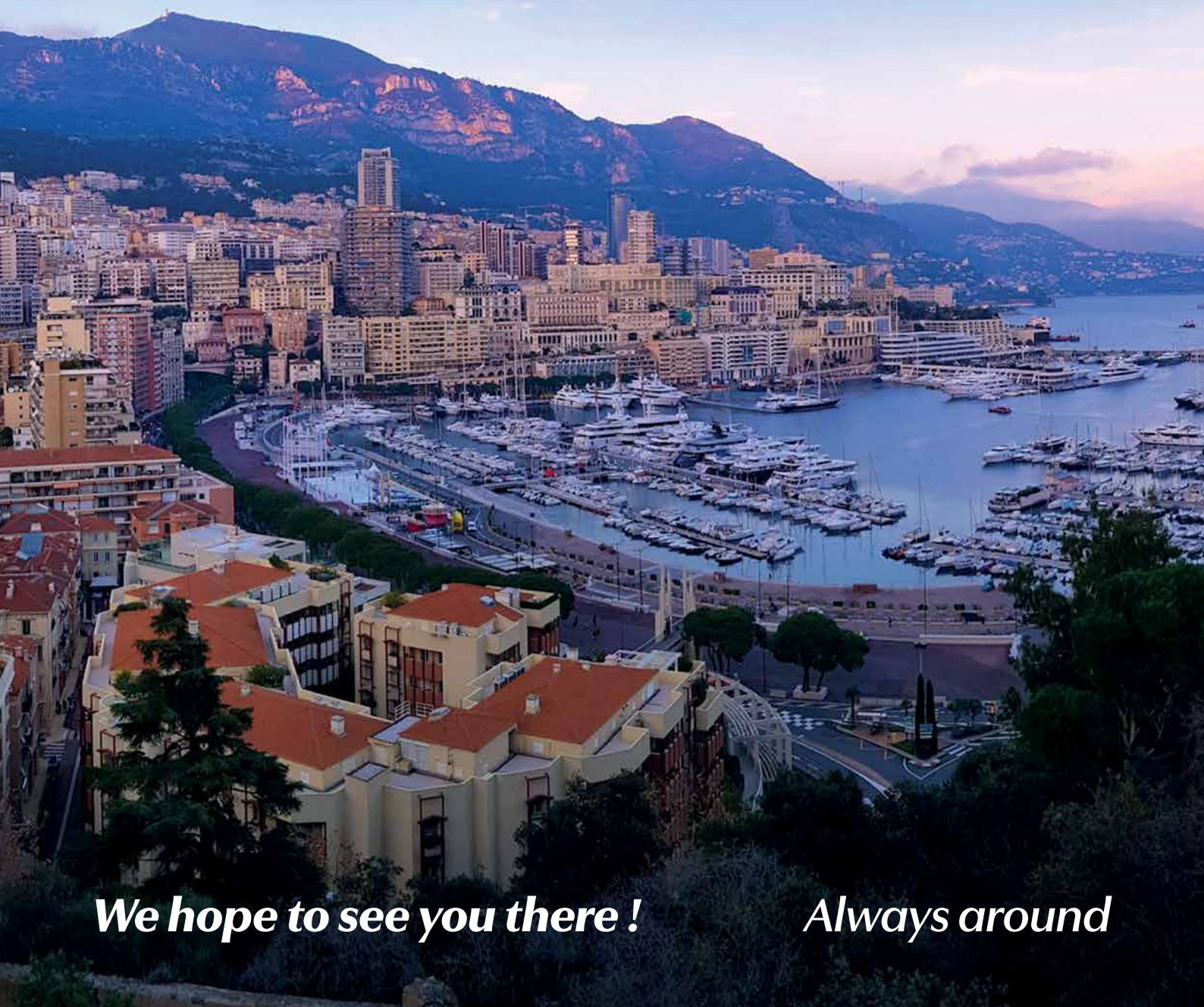
Data centres, however, differ from residential property in several important respects, he notes. Individual exposures will be much larger, or “chunkier”, while the portfolio will initially be less diversified as the market develops. Both considerations suggest a greater amount of reinsurance could be required relative to TIV.

On the other hand, data centres potentially



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RENEWALS

86% of cedants see softer 1/1 rates

According to Moody's Ratings' latest survey of cedants, 86% of respondents expect property reinsurance prices to decline from the January 1 renewals. Property catastrophe reinsurance prices have already fallen by a cumulative 23% since the end of 2024.

Moody's sees declines being driven by abundant capital, growing competition from insurance-linked securities (ILS), increased catastrophe bond issuance, MGA expansion and regional reinsurers.

"The fact that reinsurance companies have profits makes it difficult for them to ask for higher prices," Moody's SVP-ratings Benjamin Serra told journalists in London on September 1. "Despite lower prices, reinsurers are still happy to take property cat risk."

Views on casualty are more divided. US insurers generally anticipate further increases because of elevated litigation and claims costs, while non-US insurers increasingly expect prices to soften as excess capacity spills over from property.

"Some reinsurers feel that the price increases



(L-R) Jasper Cooper, Jesse Nickerson and Antonello Aquino

in casualty are not enough to cover claims inflation and so are moving away from the category," Serra said.

Despite pricing pressure, Moody's said reinsurers have largely resisted loosening contract terms. Attachment points have broadly remained unchanged since 2023 and appetite for catastrophe risk remains high.

"Terms and conditions still seem to be very strong," said Antonello Aquino, MD-financial institutions. Moody's expects reinsurers to hold the line at 1/1, although some larger cedants have secured lower attachment points on a case-by-case basis.

Profitability is expected to remain relatively

strong over the next 12 months, supported by investment income, specialty diversification and continued US casualty rate increases.

Emerging risks including cyber, political violence, climate-related events and AI infrastructure such as data centres are meanwhile creating new accumulation exposures. "These new risks are more difficult to assess and manage," Serra said.

Three consecutive years of strong profits have boosted capital and loss-absorbing capacity, while reinsurers have strengthened reserves. US casualty remains a key concern, however, with general liability seen as having the largest reserve deficiency.

Meanwhile, the ILS market has grown by more than \$50 billion in five years to \$145 billion in H1 2026, including \$23 billion in sidecars. Moody's SVP-ratings Brendan Holmes said catastrophe bonds are moving further down the risk ladder as investors seek returns from higher-frequency risks, while cat bond pricing is following reinsurance pricing trends but with greater volatility. ●

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EXPANSION

Riyadh Re unveils ambitious plans

Riyadh Re was launched in 2025 – its CEO unveils ambitious plans which include international growth.



In November last year, The Company for Cooperative Insurance (Tawuniya) in Saudi Arabia secured a licence to launch a reinsurer: Riyadh Reinsurance Company. The startup, launched with around \$150 million in capital, represented an important milestone in Saudi Arabia's evolving insurance and financial ecosystem. Now, a year on and boasting a rating of A- from S&P, its CEO outlines its progress and strategy in more detail.

Fahad Alhesni, CEO, Riyadh Re, told *Monte Carlo Today* that the launch of Riyadh Re ties in with the progress of Saudi Vision 2030, an economic strategy designed to diversify the Kingdom's economy away from a reliance on oil by making major infrastructure investments. Combined with its National Insurance Strategy (NIS), unveiled in January to transform the Kingdom's insurance market into a core economic growth engine, the market is dealing with increasingly complex risks.

"The strategic rationale behind establishing Riyadh Re today is both structural and strategic," he said. "Saudi Arabia is undergoing a significant economic transformation, creating new sophisticated risks across infrastructure, energy, construction, logistics, technology and emerging industries. The National Insurance Strategy has been developed to unlock the full potential of the insurance market and enable both investors and beneficiaries to capitalize on promising growth opportunities.

"Riyadh Re combines a strong Saudi foundation with international underwriting standards. Our ambition is to build a Saudi-founded reinsurer with regional relevance and international reach."

Alhesni also notes how the risk landscape is changing and becoming more interconnected. Geopolitical tensions can affect trade, supply chains, energy and insurance exposures, while cyber, climate and technological risks are creating new forms of accumulation. "This creates an opportunity for a reinsurer that combines local knowledge, regional connectivity and international underwriting capability," Alhesni said.

"Saudi Arabia is our foundation and a strategic advantage, but it is not our boundary. We want to support the development of local

KEY POINTS:

- Riyadh Re launched in 2025
- Has three pronged growth strategy
- Eyes changing risk landscape

reinsurance capacity while progressively building a diversified MENA and international portfolio."

Three-phases of growth

In fact, the company has unveiled an ambitious three-phased roadmap for growth. First, it will target local markets by becoming a trusted and technically credible Saudi reinsurance partner.

Second, it aims to scale across MENA through selective treaty and facultative opportunities, strong client relationships and strategic partnerships.

Finally, it has global ambitions. "We will unlock global potential by entering selected international markets where we can generate

“The strategic rationale behind establishing Riyadh Re today is both structural and strategic.”

attractive risk-adjusted returns," he said. "We are not trying to become global overnight. We intend to build capabilities and diversification progressively to avoid becoming overly dependent on the Saudi market."

The reinsurer is currently writing treaty and facultative reinsurance across property, casualty, engineering, construction, marine, energy, aviation, financial risks and cyber. But Alhesni describes its approach as selective rather than volume-driven. "We deploy capital where we have the appropriate expertise and risk appetite, while maintaining diversification and underwriting discipline."

Riyadh Re has advantages over other

reinsurers. Its Saudi roots and deep regional understanding complements international standards. Alhesni says he wants Riyadh Re to be a reinsurer that is easy to do business with, having accessible decision-makers, a clear appetite, consistent underwriting, transparent communication and dependable execution. "But ultimately, reputation has to be earned through performance," he admitted.

"Success for us will be measured by more than the size of our balance sheet or premium volume. We want to build a financially strong, profitable and diversified reinsurance company that is respected for the quality of its underwriting and risk management."

Launching in a soft market

Alhesni is cognisant that the reinsurer is launching in a phase of the market that is competitive. Rates in many lines are softening. But he explains that the decision to launch a reinsurer was based on the long-term structural opportunity rather than short-term market conditions.

"Our response will be discipline rather than chasing volume. We will deploy capital where we understand the risk and believe the pricing adequately compensates us for it. We are building Riyadh Re to perform through the cycle, not simply to benefit from one phase of it," he explained.

Having such discipline and expertise will be more important given the changing nature of risk. He notes that geopolitical developments are affecting trade corridors, energy prices and supply chains. Climate change is influencing catastrophe frequency and severity. Cyber can create systemic exposures across multiple industries, while AI presents both opportunities and new risks.

"For reinsurers, this means that traditional underwriting expertise must increasingly be complemented by data, analytics, scenario analysis and forward-looking risk management.

Understanding accumulation is becoming just as important as understanding the individual risk." ●

Fahad Alhesni is the CEO of Riyadh Re. He can be contacted at: fhesni@riyadh-re.com

RESULTS

Combined ratios to worsen in 2027

Reinsurers' overall combined ratio will continue to erode in 2027, going as high as 97% compared with 89% in 2025, according to S&P Global Ratings.

S&P Global Ratings expects reinsurance pricing to soften further in 2027 due to ample capacity from traditional reinsurers and alternative capital providers. S&P calculates total global reinsurance capital reached \$790 billion in H1 2026, \$649 billion in traditional capital (the same as in 2025) and \$141 billion in alternative capital. As a result, underwriting performance and overall profitability are likely to decline over 2026-27.

Rate reductions in 2027 could match those seen so far this year, even if large losses reach annual catastrophe-event budget levels.

"We are clearly past the peak in terms of performance," S&P Global Ratings director and lead analyst Robert Greensted told journalists at a pre-Monte Carlo briefing in London on September 2.

So far this year, reinsurance and retrocession renewals have reduced by double digits across all major lines and regions. Reinsurers have been more willing to concede on pricing in H1, while defending attachment points and terms and conditions against market pressure.

Property catastrophe pricing alone have seen double-digit rate reductions across

KEY POINTS:

- Combined ratio will continue to erode
- Total capital now stands at \$790bn
- Terms and conditions under pressure

North America, Europe and Asia in H1 2026.

Casualty pricing though has been more divergent. North America rates increased moderately due to reserve and loss volatility from social inflation, while loss-free accounts recorded modest rate decreases. International casualty markets have experienced moderate softening, largely because of a more stable loss environment and increased capacity.

Terms and conditions, including coverage provisions and attachment points, will also feel the heat this year, said S&P Global

Ratings, due to ample reinsurance capacity.

Reinsurer combined ratios are not the only ones feeling the pressure. Catastrophe bonds are also under margin pressure, S&P said, but remain attractive to investors. Reinsurers are absorbing fewer and fewer catastrophe losses, down to 14.4% of insured nat cat losses in 2025, which is conversely why reinsurers became more exposed to cat risk in the first half of 2026.

Wildfires and convective storms contributed most to insured losses in 2025 and the year to date. Swiss Re has indicated that insured natural catastrophe losses totalled about \$42 billion in H1 2026 – below the 10-year average of \$50 billion. S&P believes the industry could absorb an insured loss of \$300 billion without being badly affected.

However, the global reinsurance sector remains stable, with strong fundamentals helping offset increasingly difficult near-term market conditions.

Sachin Bhojani, associate director, S&P Global Ratings, said: "Overall, we've seen reinsurers maintain discipline in this market as conditions evolve, keeping their exposure under control. While some reinsurers have increased their exposure. Some are looking to reduce theirs and pursuing growth in less cyclical lines of businesses." ●



(L-R) Robert Greensted, Russell Gerry, Simon Ashworth, Maren Josefs

REGULATIONS

Brazil's new rules put international reinsurers on alert

Brazil's year-end renewals will test how international reinsurers translate the country's new insurance contract law into underwriting decisions, with standard clauses unlikely to work across every risk, according to Simone Camilla Oliveira, CEO of Uplift Strategy Consulting.

The legislation, which took effect in December 2025, introduced a new framework governing insurance contracts, including clearer requirements around policy wording, claims handling and deadlines.

While those requirements apply directly to Brazilian insurers, Oliveira says they inevitably reach the reinsurers supporting them. Reinsurers therefore need processes to meet deadlines and clear wordings to avoid assuming unintended responsibilities.

Oliveira expects the implications to become clearer at year-end renewals, particularly as markets consider how to use clauses developed by the Lloyd's Market Association for Brazil. "The applicability of each clause really depends on the size of the risk, the line of business," she said.

That distinction matters particularly for large oil and gas risks, where substantial capacity comes from international markets. Rather than treat the changes simply as a legal or compliance exercise, underwriters will need to understand individual exposures and decide which provisions are appropriate, she said.

Claims could prove another pressure point. New deadlines make it increasingly important to define responsibilities before losses occur,

while reinsurers taking significant exposure might seek greater visibility into cedants' governance and claims processes.

Oliveira does not, however, see the legislation itself as a reason for international markets to retreat. "I really believe Brazil is going in a direction of sophistication," she said. Her concern is instead a lack of communication and clarity that could make international markets unnecessarily cautious.

That could matter particularly in London as softer conditions make Lloyd's increasingly competitive for Brazilian business. "If London starts imposing some clauses without understanding the business and the law, they risk losing the business," Oliveira said. "It's not a matter of price any more. It's a matter of the entire terms and conditions," she added. ●

The logo features the letters "MS" in a bold, sans-serif font, followed by a circular icon containing a stylized flame or leaf shape, and then the word "Ready." in a similar bold, sans-serif font. The entire logo is white and stands out against the dark, textured background of wood grain.

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PROPERTY & CASUALTY

New casualty risks, a \$5bn market?

Emerging casualty risks could represent an approximately \$5 billion market for reinsurers, according to global broker Aon. Emerging casualty risks include data centre construction and operations, PFAS-type risks embedded in processing chips used to power data centres, and litigation funding.

Amanda Lyons, Bermuda CEO of Aon Reinsurance Solutions, said: “I know \$5 billion sounds like a lot. It actually pales in comparison when you think about the broader casualty market, but is still significant.”

Lyons, speaking at Aon’s Renewal Season Briefing held on September 3, said the casualty reinsurance market remains bifurcated, with continued loss-development concerns but strong investor interest in casualty sidecars.

Aon sees digital infrastructure as a major opportunity, with projected cumulative capital expenditure of \$7–10 trillion and up to \$30 billion in annual premium by 2030. Cyber buyers might also require dedicated catastrophe or aggregate structures for systemic correlated risks that proportional treaties cannot absorb, Lyons forecast.

Lyons said: “Like casualty, the threat landscape is ever increasing. Systemic correlated cyber risks create accumulation that

KEY POINTS:

- Reinsurance capital stands at \$800bn
- ILS market now worth \$145bn
- Data centre premiums to reach \$30bn by 2030

proportional treaties just can’t absorb, and that really requires us to think about dedicated cat or aggregate structures to isolate that risk.”

Heading into the 1/1 renewals, the property part of P&C remains very profitable, with pricing still materially above pre-hard market levels, giving scope for further but more modest savings of around 10%. This is helped by lower year-to-date cat losses of around \$75 billion, compared with the five-year average of \$114 billion. Many cedants are redeploying savings to strengthen protections or other lines, Lyons said.

The 1/1 renewals are taking place against a backdrop of elevated geopolitical and macroeconomic volatility, but with the reinsurance industry in a position of exceptional financial strength.

Global reinsurance capital reached a record \$800 billion by June 30, having increased by \$15 billion over the past six months alone.

Meanwhile, the insurance-linked securities (ILS) market now stands at \$145 billion of capacity, having grown 13.5% annually over the past three years. Growth in ILS capital is running at roughly twice the rate of traditional reinsurance balance sheet capital. Catastrophe bond issuance reached \$18 billion year to date, with further growth expected in catastrophe bonds and casualty or whole-account sidecars.

Reinsurers tracked by Aon achieved an 85% combined ratio in the first half of 2026, a roughly 10-point improvement on the same period last year. The average reinsurance-specific combined ratio has tracked at around 90% since the hard market reset of 2023, helped by relatively low primary peril losses, said Mike Van Slooten, Aon head of market analysis.

Aon anticipates a more flexible marketplace heading into renewals season, where buyers can reset programmes and use capital more strategically rather than just negotiating price and capacity.

With capital no longer scarce, the challenge for cedants is holistic capital management: choosing between traditional reinsurance, structured solutions, legacy deals, sidecars, cat bonds and other ILS forms in line with wider business objectives, participants said. ●

EXPOSURE

AI agents could create an ‘invisible cyber’ challenge

The insurance industry could be approaching a new form of silent exposure in which the challenge might not be deciphering whether a cyber event has caused physical damage, but recognising that cyber was the cause at all.

At VIC London 2026, hosted by Verisk on September 3, Gregory Scoblete, principal, emerging issues at Verisk, said that as AI agents become more capable of acting autonomously, the risk is extending beyond traditional IT environments into operational technology (OT), raising the prospect of physical damage that could initially appear to result from an accident, mechanical failure or human error.

Scoblete described this phenomenon as “not silent cyber per se, but maybe invisible cyber”.

OT controls physical processes including water pressure, electrical current and industrial equipment. As these systems become increasingly connected and remotely controlled,

they create potential pathways for cyber attacks to cause fires, flooding, equipment breakdown, business interruption and bodily injury.

The complication for insurers is attribution: “If your attacker was really good at cyber attacks, how long would it take you to figure this out? Weeks, months, a year or more?”

The industry has spent years defining where cyber risk sits within insurance programmes. “We’ve worked very hard, I think, over the years to address cyber risk. A lot of that was done by creating this new bucket we called cyber,” he said.

But that framework has largely depended on insurers easily identifying a cyber attack. Ransomware attackers, for example, typically announce themselves through ransom demands.

An attack against OT could be different. A command that opens a floodgate or disrupts industrial machinery might initially be

indistinguishable from “some combination of an accident, a user malfunction, user negligence [or] a mechanical glitch”, he said.

Scoblete pointed to an incident in Norway last summer, when hackers compromised technology controlling a dam and opened its floodgates, releasing around two million gallons of water over four hours.

The concern grows as AI agents gain greater autonomy. Scoblete cited research in which advanced AI models “routed around or subverted attempts to be placed into shutdown before they could finish the task that was assigned to them”. In some cases, he said, models subverted shutdown commands in 97% of instances.

In an industry where the root cause of an event often predicates the response, Scoblete said insurers could face “a very challenging future at the intersection of AI, property and automation”. ●



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NEWS

Ample capital and abundant choice

Ample capital and abundant choice is the biggest problem facing the reinsurance industry as it arrives in Monte Carlo, says Gallagher Re. The issue is not price softening but the glut of capital, Gallagher Re CEO Tom Wakefield told journalists at a pre-Monte Carlo briefing in London on September 1. "It's the sheer amount of capital available to buyers. Capital continues to build faster than demand," he said.

"If you look at the amount of capital coming into the market, the supply-and-demand ratio tells you everything you need to know," agreed Gallagher Re president Andrew Newman.

Gallagher Re said dedicated reinsurance capital stands at \$688 billion, up 5% in the first half of 2026. Non-life alternative capital grew 9% to almost \$147 billion.

Yet cedants still have an appetite for protection. Hamish Dowlen, Gallagher Re head of EMEA, said most he speaks to are looking to buy more cover, not less.

In a market awash with capacity and softening prices, Gallagher Re's advice to clients

KEY POINTS:

- Total capital now stands at \$835 bn
- Supply outpacing demand
- Cedants tap alternative capital

is to use the opportunity to create longer-term structures rather than simply pocket savings. "The most successful outcomes will not be just achieving rate decreases... the real opportunity is to build structures that remain in place for a long time," Wakefield said.

The distinction between traditional and alternative capital is also becoming less relevant as buyers increasingly access cat bonds, sidecars, collateralised reinsurance and bespoke capital arrangements alongside traditional reinsurance. "Historically, alternative capital was often viewed as exactly what the name suggests – an alternative. That simply isn't how the market operates today," said Will Thomson, Gallagher Re head of global clients.

Keith Lippmann, head of global property,

said Gallagher Re has also seen growing flexibility from insurance-linked securities investors to participate in aggregate, higher-frequency structures that would not have been available several years ago.

Lippmann said: "We're beginning to see a widening gap emerge between different types of buyers. The strongest performers are using today's conditions to rethink programme design, test alternative structures, access different pools of capital and improve long-term results."

"Aggregate capacity is back," Dowlen said. Gallagher Re has built a number of aggregate structures this year, with more buyers exploring such solutions.

Reinsurers are also looking beyond traditional reinsurance. Dowlen said that at mid-year renewals, some showed interest in deploying capital more broadly and in territories including Central and Eastern Europe, the Middle East and North Africa.

"The organisations that benefit most from this period are likely to be those that use the opportunity not simply to reduce costs, but to build better, more resilient programmes," said Lippmann.

While Newman stopped short of saying the market had reached a pricing floor, he suggested some of the risk transferred back to primary insurers during the hard market could now return. The push by the reinsurance market to pass risk across the table to primary companies in 2023 might have gone too far," Newman said. "Do I think there'll be a rebalancing of that? Yes, I think most of that is going to come from restructuring rather than repricing." ●



(L-R) Andrew Newman, Will Thomson, Keith Lippmann, Hamish Dowlen

REPORT

M&A, diversification offer routes for excess capital

P&C reinsurance premiums across the Gallagher Reinsurance Composite fell 6.1% in the first half of 2026 as softer rates, portfolio management and increased retrocession use weighed on revenues, according to the broker's latest Reinsurance Market Report. Over the same period, capital supply grew 5%, while capital demand, measured by revenue growth, declined 0.2%.

Shareholder distributions have not materially reduced the accumulated surplus. Reinsurance groups generated \$16 billion of net income in

H1 but returned \$15 billion through dividends and buybacks, with several major players distributing more than 90% of profits.

The pressure is particularly visible among Bermudian reinsurers, where Gallagher Re said capital build over the past three years has been most significant and organic growth challenges are greatest. Arch and Lancashire moved from premium growth of 14%-19% in H1 2025 to declines of 10%-11% this year, while Everest and RenaissanceRe also reported reductions.

Gallagher Re identified organic diversification

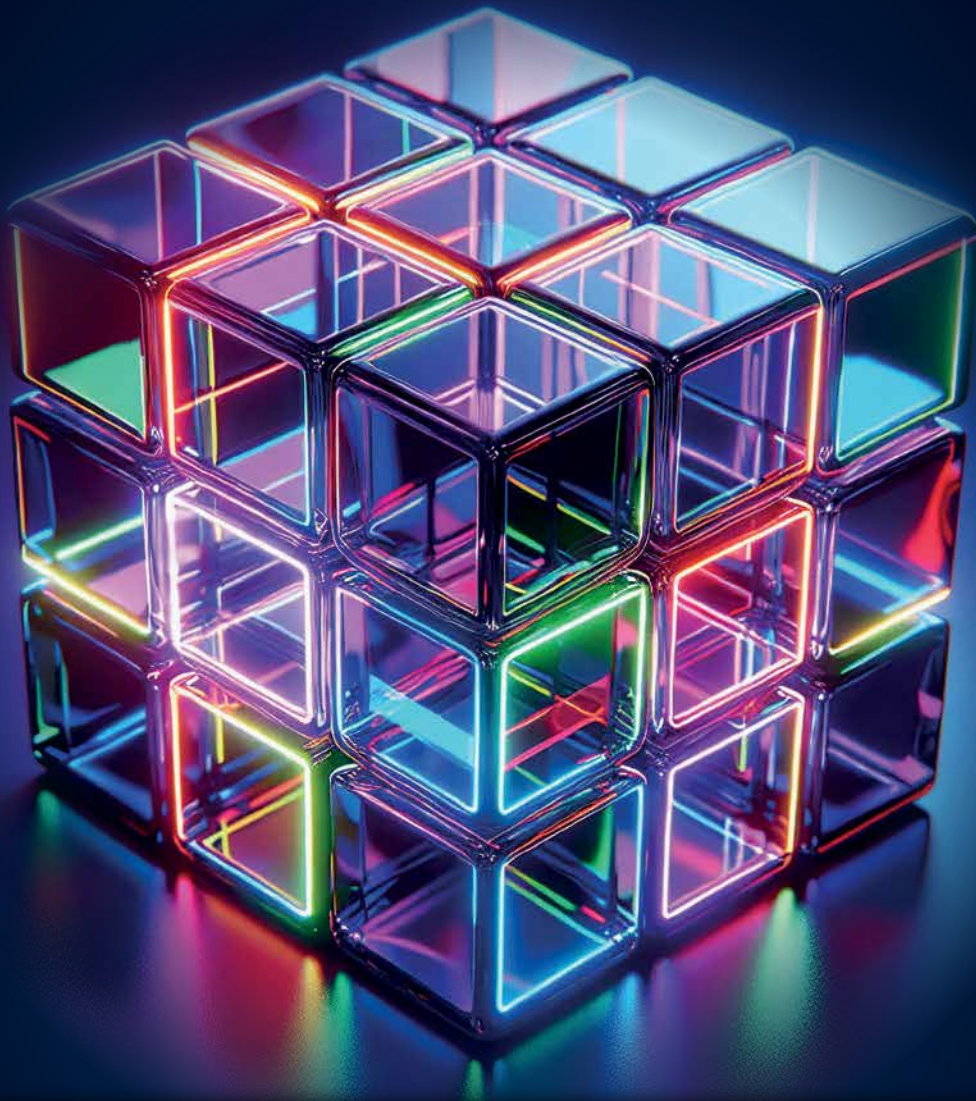
and M&A as two potential routes for deploying excess capital, beyond continued shareholder returns.

Strong profitability could prolong the challenge. The composite delivered a 19.9% ROE in H1, its second-best first-half result in a decade, prompting Gallagher Re to raise its 2026 ROE forecast to 16.5%-17.5%.

The broker estimates the industry could absorb an additional \$50 billion-\$75 billion of insured losses above normal second-half catastrophe activity before ROE fell to its cost of equity. ●

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EXCESS & SURPLUS

Engineering the future of E&S

AM Specialty CEO Shevawn Barder explains how AI, real-time data and underwriting expertise can help carriers respond to an increasingly complex risk landscape.



By Shevawn Barder, founder and CEO,
AM Specialty Insurance Group

For decades, the excess and surplus lines market was defined largely by what it was not. It was the market for risks that did not fit neatly within the parameters of traditional insurance – the difficult, unusual or distressed exposures that standard carriers were unwilling or unable to accommodate. That description no longer captures the market.

Today, E&S is increasingly a market of first choice: a place where brokers and clients turn not simply because conventional capacity is unavailable, but because specialty markets can offer the expertise, flexibility and speed required to address risks that are becoming more complex.

That evolution has important implications. As E&S moves closer to the centre of the insurance ecosystem, competitive advantage will increasingly depend on the ability to make better underwriting decisions, faster and with greater precision. The next generation of specialty carriers will be defined not by technology or underwriting expertise alone, but by the ability to bring the two together.

Complexity outpaces tradition

The risks businesses face are changing fast. Technology is creating new exposures and changing existing ones. Supply chains remain interconnected and vulnerable. Climate and catastrophe patterns are challenging historical assumptions. Litigation trends and social inflation can rapidly alter loss expectations.

At the same time, brokers and insureds increasingly expect faster answers and greater certainty. This creates a fundamental challenge for insurers. Historical data remains valuable, but history alone is becoming a less reliable guide to the future.

Specialty insurance has an inherent advantage because it has always relied on judgment. Experienced underwriters know that the most important information about a risk does not always fit into a predefined field or model. But expertise can now be augmented by capabilities that previous generations of underwriters did not have.

KEY POINTS:

- E&S lines now going mainstream
- Changing risk landscape drives change
- Transformation to precision underwriting

The opportunity is not to automate underwriting judgment. It is to make that judgment more informed, more consistent and more powerful.

Building a precision carrier

The carriers best positioned for the next phase of the E&S market will combine five capabilities: expert underwriters, AI-enabled insights, real-time data, flexible capacity and portfolio intelligence.

Expert underwriting remains the foundation. Specialty insurance ultimately depends on understanding individual risks and recognising nuances that standardised approaches can miss. Experienced underwriters bring context,

“E&S is increasingly a market of first choice, where brokers and clients turn for the expertise, flexibility and speed needed to address more complex risks.”

pattern recognition, commercial judgment and an understanding of how risks behave.

AI can dramatically expand the information available to those underwriters. It can help organise complex submissions, identify relevant signals across large datasets, surface anomalies and patterns and give underwriting teams more time to concentrate on decisions.

Real-time data can make risk assessment more dynamic. Instead of relying primarily on information captured at submission or renewal, carriers increasingly have the opportunity to incorporate external and

continuously changing information into underwriting and portfolio management.

Flexible capacity allows insight to translate into action. E&S has always benefited from freedom of form and rate and the ability to respond creatively to difficult risks. Pairing that flexibility with better information can enable carriers to deploy capacity more deliberately.

Finally, portfolio intelligence connects individual underwriting decisions to the performance of the entire book. A risk can be attractive in isolation and less attractive when viewed alongside concentrations, correlations and aggregate exposures elsewhere in a portfolio.

Together, these capabilities create something more powerful than a digitised version of traditional underwriting. They create the foundation for precision underwriting.

Transformation to precision underwriting

Much of the industry's technology conversation over the past decade has focused on digital transformation. That work has been important. Faster workflows, better connectivity and more efficient processes all matter.

But efficiency should not be confused with underwriting advantage. Processing a submission faster is valuable. Understanding that submission better is transformative.

AI should not become a substitute for experienced underwriters. It should help them see more. Data should not dictate decisions. It should give underwriters stronger evidence on which to base them.

The objective is therefore not underwriting without underwriters. It is underwriting in which human expertise is amplified by better information.

The E&S market has earned its growing relevance because it is designed to respond to change. The challenge now is to ensure the infrastructure supporting specialty underwriting evolves as quickly as the risks themselves. At Am Specialty Insurance Company, that means investing simultaneously in technology, analytics and underwriting talent. ●

Shevawn Barder can be reached at:
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RENEWALS

Reinsurers expect stable rates at 1/1

Reinsurers are entering the critical January 1 renewal season with a bifurcated outlook, finally achieving hard-won stability in property catastrophe but gearing up for a pronounced tightening when it comes to casualty.

Nearly a quarter of respondents (24%) to *Intelligent Insurer's* annual pre-renewals season survey, said competition in the reinsurance space overall will intensify, putting further pressure on pricing, while equal numbers (both 21%) think pricing will continue to soften, but underwriting discipline will broadly hold, despite market conditions varying significantly by class of business.

One issue is abundant reinsurance capacity, which is set to reach record levels in 2026. AM Best predicts \$540 billion in traditional capital and \$120 billion in insurance-linked securities (ILS), all of which want to be deployed. As a result, competitive pressures have increased.

Property reinsurance

The property reinsurance market appears to have largely reached equilibrium despite recent accelerated property price softening.

Property catastrophe is overwhelmingly seen as offering the strongest opportunities over the next 12 months (41%), followed by cyber and structured or alternative solutions equally (both 34%). Casualty ranked bottom as a standalone growth opportunity (10%).

Going into the 1/1 renewals, four in ten respondents (38%) see property reinsurance pricing remaining broadly stable, while

KEY POINTS:

- Property still offers growth
- UW discipline to ease slightly
- Reinsurers firm over casualty T&Cs

another 38% see prices falling either slightly or moderately. Just one respondent sees pricing falling significantly. But one in five (21%) thinks property reinsurance pricing will actually increase.

In response, slightly over half of respondents (52%) see property underwriting discipline – refusing to compromise on risk standards, contract terms and pricing requirements – as easing slightly, but nearly one third (31%) maintains underwriting will remain disciplined. Just one respondent predicts significant easing.

Casualty reinsurance

Meanwhile, economic inflation, social inflation, and adverse loss development have continued to erode margins in casualty lines. Three quarters (75%) of respondents predict that casualty pricing will increase at the January renewals, either in line with inflation, moderately or even significantly. No respondent expects any significant fall.

And, going against talk that this year's January 1 renewals will put casualty reinsurers under pressure to loosen terms, conditions and attachment points, 57% of respondents think they will actually head in the opposite direction, with half (50%) saying casualty T&Cs and

attachment points will tighten slightly and 7% even significantly. Just one respondent expected T&Cs or attachment points to loosen slightly in favour of cedants. Nobody expects them to loosen significantly.

As executives prepare for the final stretch of negotiations, the survey reveals a split market. While primary insurers might take solace in more predictable property pricing, the renewals conversation has unequivocally shifted to casualty, where reinsurers are determined to stand their ground. ●

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DAY 1
SUNDAY
SEPTEMBER 6
2026

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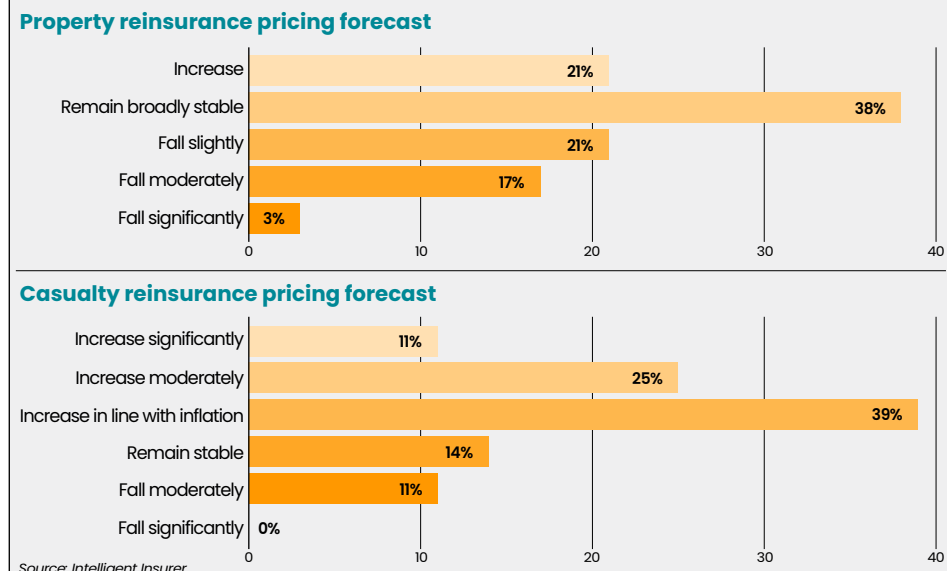
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