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APCIA TODAY

Insurers must unite to fight false narratives: CNA Financial boss Robusto tells APCIA

THE INSURANCE INDUSTRY MUST UNITE

to rebuild trust from its customers – something that has been eroded by false narratives, amplified by the media and often echoed by legislators and regulators. It must refute and resist increased government intervention by reminding all stakeholders in the US economy of its value.

That was the message delivered by Dino Robusto, executive chairman of the board of insurer CNA Financial, in a keynote address at APCIA's conference in Orlando this week.

He has also chaired the board of APCIA since January 1 when he succeeded Alan Schnitzer, CEO of Travelers.

He told attendees the industry must urgently find ways to generate clear, accessible messaging about its economics, relative performance and value it delivers. The nuances of its business model, including the many factors influencing pricing, must also be better explained to a wider audience to help bridge gaps in understanding.

"Populism on both the left and the right of the political spectrum is **4** ➔



Dino Robusto

LIKE A HORROR MOVIE: why litigation funding is so hard to kill



Dr. Robert Hartwig

SOCIAL INFLATION AND LITIGATION FUNDING are arguably the greatest challenges facing insurers – and the entwined topics are already one of the major talking points at this week's APCIA annual conference. But the insurance industry cannot tackle it alone, such is the power and influence of trial lawyers in the US.

That is the perspective of Dr. Robert Hartwig, clinical associate professor of finance, risk

management and insurance at the University of South Carolina's Darla Moore School of Business. He makes the point that, while the industry might feel it's won some battles of late with some state-based reforms and federal initiatives in the pipeline, it's been here before – such gains are often quickly eroded, such is the power of the opposition.

"I can have short-term optimism but long-term pessimism with this," Hartwig told **6** ➔

INSIGHTS AND ANALYSIS FROM MORE LEADERS INSIDE



Dan Hartung



Mark Braithwaite



Carrie Byler



Mark Vaughan



Laura Murphy

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APCIA

Insurers must unite to fight false narratives: Robusto

➡️ perpetuating matters and fuelling more aggressive calls for government intervention in the private insurance market,” he said. “The basics of economics and profitability are being misconstrued; the fundamentals of consumer protection are being dangerously misrepresented. Moreover, aggressive advertising by plaintiff attorneys mean consumers question the good faith of insurers and view them as adversaries rather than partners.”

The value of competition

He explained to the audience that the industry must better explain how the private insurance market works – and why it’s superior to government solutions. He stressed only competitive private markets can create and offer best value for customers.

“We must continue to refute the false narratives being perpetuated by those against consumer choice. Really, that should not be difficult given the incredible value that property/casualty insurance delivers. Our products and services act as a vital financial safeguard for individuals and communities, enabling individuals and businesses to efficiently recover from unexpected losses, as well as helping complete communities rebuild after natural catastrophes.”

In fact, the value of insurers extends even further than paying claims. He made the point that robust insurance means that millions of businesses, from start-ups to global international companies, are able to unlock capital and attract investment. This, in turn, boosts business confidence and drives the economy.

“Insurance also facilitates lending by reducing risk for creditors, broadening access to capital. These benefits of insurance, stabilising, spreading risk and mobilising capital are critical to the very principles of the modern global economy,” he said. “Insurance is the invisible backbone of the economy.”

He also described economic influence of the industry in other ways. Insurance companies are among the largest institutional investors worldwide, he noted, directing trillions of dollars into public funds and infrastructure, which fuels additional economic growth. In the US alone, in 2024, P&C premiums totalled

KEY POINTS:

- Populism leading to government intervention
- Insurers must unite to combat false narratives
- Highlight economic benefits of insurance

a little over \$1 trillion. The insurance sector as a whole in the US employs almost 3 million individuals.

Yet, in contrast to the wider narrative, it is not that profitable. He cited NAIC statistics that suggest the property/casualty insurance market’s overall return on net worth for the past decade is close to 6% – significantly lower than the average for many industries which is closer to 14%. “A popular misconception suggests that insurers earn excessive profits and implement unfair rate increases. A significant challenge for the industry lies in explaining the inherent complexity of the insurance business. We are a balance sheet business, which differs from

“Populism on both the left and the right is perpetuating matters and fuelling more aggressive calls for government intervention in the private insurance market.”

income statement-driven businesses, which the general public is more familiar with.

“Clearly, our returns are not what you would call excessive. And we execute a noble purpose. It is incumbent upon us to shine a spotlight on the real value we provide, the claims we settle, the communities and lives we rebuild, the businesses we safeguard, the billions we invest in loss prevention, mitigation and resilience. We must make it all more visible with facts and examples communicated broadly and constantly.”

Praise for APCIA

In the battle to counter the misleading narratives he described, he praised the work of APCIA, which he said has made public engagement and

narrative correction top priority. He said it has been instrumental in creating a united front for insurers in messaging that is targeting multiple audiences. “Their communication efforts target not only the public, but also regulators and legislators who often lack a nuanced understanding of the various cost drivers, leading to market distortions from their actions through mandated coverages.”

He noted its work addressing legal system abuse. A key part, he noted, was establishing and stating the facts around the true cost drivers, be they inflation, government-created friction, legal system abuse or climate change. He offered the example of homeowners’ insurance – and how APCIA is sifting the narrative to show the true cost drivers are rising material and labour costs, climate pressures amplified by demographic shifts into high-risk areas, gaps in government land use and planning and infrastructure, as well as the lack of resilience to influence mitigation.

He also flagged its work in a wide array of other areas. Some of these include working with and supporting partners including the Insurance Institute for Business & Home Safety, the Insurance Institute for Highway Safety and National Distracted Driving Coalition. “All these efforts underscore insurers’ commitment to help foster a safer and more resilient environment for policyholders, which in turn engenders to trust the public. But we must consistently highlight these efforts in our collective advocacy.”

Summing up, he offered a call to arms for the industry to unite in its efforts to counter false narratives. He said only by working together could the industry solve this challenge.

“Trust is founded on truth,” he said. “In turn, that requires education, transparency, and advocacy. While intense competition between carriers is very beneficial for consumers, unified industry advocacy is also essential to sustain the private marketplace itself, and that advocacy must be completed by a broad coalition of stakeholders.

“This year’s annual meeting showcases APCIA’s evolving role in mitigating complex governmental risks that insurers cannot manage alone, which is foundational to achieving our objective of promoting the most efficient, private, competitive insurance marketplace in the world – right here in the US.” ●

BROKING

Say hello to real-time response

Aon's new platform delivers customised catastrophe insights every six hours, turning information overload into actionable intelligence.



When catastrophe strikes, the clock starts ticking, and for re/insurers, every hour counts. That urgency has driven Aon to rethink dealing with live catastrophe situations and renewal planning.

Dan Hartung, global head of Event Response at Aon, told *APCIA Today* the company had now unified its approach. "With the launch of Event Analytics, we are bringing all of our solutions together under a unified umbrella," he explained.

Launched in September, Aon's Event Analytics platform is designed to cut through the noise of disjointed data and give insurers a single, streamlined view of exposures, losses and market context as an event unfolds.

In the past, Hartung admitted, the process of helping clients during a live event involved "a number of disparate solutions and communication streams with multiple portals and various forms of disseminating information from email to phone calls to webinars". Now all that has been combined into a central solution.

Automated notifications – customised by clients – deliver detailed hazard footprints, loss estimates and market share analysis in a single executive-style report.

"Instead of offering just specific insights, Event Analytics is a holistic platform that helps clients to implement Aon's data and analytics to drive better decision-making," Hartung stated.

The platform combines three core capabilities; first, a global data set with enhanced mapping and visualisation, drawing on vendor partnerships to provide high-resolution footprints for perils such as flood, down to the "block and building level".

Second, integration of client exposure, loss and market insights into customised reports; and third, an expanding historical event catalogue which already includes more than 40 of the largest insured-loss tropical cyclones worldwide. Aon's goal is to build a library that includes the top 100 costliest global events across perils and much more.

KEY POINTS:

- New platform streamlines catastrophe insights
- High-resolution data at building level
- Historic catalogue supports portfolio recast

The catalogue allows insurers to recast past events on their current portfolios to see how changes in underwriting and portfolio strategy would alter the outcome today. Hartung noted: "It helps clients to quantify underwriting and portfolio management impacts by recasting a historical event as if it occurred today."

Coverage spans tropical cyclones and flood globally, as well as US severe convective storm, with earthquake, wildfire and European windstorm also on the agenda. "The roadmap covers all significantly insured perils globally,

“Event Analytics is a holistic platform that helps clients to implement Aon's data and analytics to drive better decision-making.”

with a prioritisation that reflects the needs of our clients," Hartung said.

Real-time functionality is equally critical; if a major US storm were forming today, the system would begin delivering reports every six hours, starting as early as five days before landfall. Hartung explained that each update would include exposure by wind severity, multi-model loss estimates and an industry loss share view. "For an event such as a US hurricane, our clients would receive these customised, detailed reports that bring all of these insights together, tracked every six hours as the event unfolds," he explained.

This immediacy not only supports insurers' internal decision-making but also strengthens dialogue with their reinsurers. "It helps them communicate this information to their reinsurance partners, to make sure that they have the capital they need to support the business and also keep trading partners up to speed throughout the renewal process," Hartung emphasised. Historical or ongoing loss activity, he added, can materially affect treaty coverage and terms.

Looking ahead, he sees rapid adoption through Q4 as insurers apply the system's "what if" analytics both to peak and frequency perils. That includes challenging exposures such as large hail or derechos, where clients have historically struggled to quantify risk.

"There will be a significant advantage on the frequency peril side because we haven't historically had the ability to quickly perform comparison analytics on past events at a detailed hazard severity level," Hartung observed.

For him, the greatest value lies in turning data into decisions. Clients no longer just receive information – they get context, benchmarking and tools to model how future losses could reshape their portfolios.

"We're always engaging and listening to clients for input that directly informs our development priorities," Hartung concluded. "As we look forward to 2026 and beyond, the solution will be enhanced by client feedback and not by our own guesstimate of what our clients are looking for."

By embedding live analytics, historic recast capabilities and client-driven customisation, Aon aims to make catastrophe response more than a reaction and instead a foundation for smarter capital, risk transfer and renewal discussions year-round. ●

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LITIGATION FUNDING

Like a horror movie: why litigation funding is so hard to kill

KEY POINTS:

- Tort reform wins have happened
- Trial lawyers a formidable adversary
- AI a tool not threat for young talent

➦ *APCIA Today*. “I remember 15 years ago we thought we had achieved meaningful reform but this is an inter-generational problem. In some ways, it is like cyber risk: the enemy is dynamic and it changes all the time. The insurance industry cannot win the battle alone.”

He describes trial lawyers in the US as being the best-funded, best-organised and most politically connected lobbying organisation there is. “Every time you think you have them in a corner, they shape shift and very deftly find a way out,” he said. “They are very influential everywhere, and very difficult to beat.”

Some of Hartwig’s recent causes for optimism come from legislation, varying in its nature, passed in some states requiring the disclosure of third-party litigation funding (TPLF). States including Arizona, Colorado, Georgia, Kansas, Montana and



parties and the public. It is also supporting the Lawsuit Abuse Reduction Act of 2025, which seeks to amend Rule 11 of the Federal Rules of Civil Procedure to require mandatory sanctions for frivolous lawsuits.

Hartwig welcomes all these initiatives. But he also describes himself as a realist. He noted that the current political environment might be described as being driven by populism – and trial lawyers have adopted a very similar brand. “Their adverts echo that populist messaging – that big corporations are against workers. That they are somehow being held down by corporate forces.”

He continues: “That means it is a very challenging environment to effect tort reform. The war must be fought at a local level but the amount the insurance industry can spend on this is a fraction of what trial lawyers can do. Every billboard, every radio station is full of their messaging.

“The problem costs the average person money – it drives up the costs of everything. But it is very hard to make ourselves heard when people are receiving competing messages, when we are outspent so heavily.”

For context, APCIA estimates misleading legal advertising, inflated jury awards and third-party litigation funding have created a litigious environment that costs the US economy more than \$557 billion annually, adding \$5,215 to the average household’s expenses. These practices have also contributed to rising insurance premiums and reduced availability of coverage.

“It is a tax on the whole economy – yet not high on the political agenda,” Hartwig said. “It’s really hard to implement change, and,

when you do, some new challenge emerges. It’s like watching a horror movie – every time you think the monster has been killed, it comes back to life in a different form.”

For all these reasons, he views tort reform as a big topic at APCIA – especially for executives with exposure to casualty lines. He cited an *APCIA Today* poll, published on day 1 of the conference, which showed 67% of respondents said social inflation and litigation funding was their main concern.

Again, he stresses the history of this problem. He said 15 years ago, the industry thought it had at least broken the cost curve – the costs associated with litigation did flatten out for a while. “But now it is again increasingly quickly,” he said.

“The reality is trial lawyers regrouped, reorganised, refunded, re-politicised, re-exerted their influence. And that has been going on for a decade now. So, yes, we have had some wins but we must be realistic.”

Hartwig also commented on artificial intelligence (AI), also a big current topic in the industry. He made the point, commenting in the context of his academic role, that he is not seeing this having a negative impact on

“Like cyber risk: the enemy (litigation funding) is dynamic and changes all the time.”

Oklahoma all passed laws to regulate third-party litigation funding to increase transparency in 2024 and 2025.

The legislation varies by state but generally involves disclosure requirements and restrictions on funder influence, with some laws also focusing on foreign ownership.

There are also moves to seek change at a federal level. APCIA has been heavily involved in lending support to such initiatives. It has urged lawmakers to pass bills such as the Litigation Transparency Act of 2025, to make TPLF arrangements transparent to courts,

“Every time you think the monster has been killed, it comes back to life in a different form.”

recruitment, as sometimes claimed in the industry. Instead, employers want graduates who can leverage AI.

“I have a different vantage point on this. I see firms recruiting – but they want graduates who can use AI – as a tool to make them better and more efficient. It is a tool, but that is all. We did a careers fayre recently and sold out. Some 150 companies were there, including many insurers and reinsurers, all thinking in terms of long-term talent. They just want that talent to use all available tools.” ●

SPECIALTY

Discipline drives partnerships

AM Specialty's Dominick Tassone explains why underwriting discipline, data integrity and long-term alignment with MGAs are central to success in the specialty market.



"At AM Specialty, we seek long-term collaborative relationships with MGAs built on mutual alignment around underwriting discipline and sustainable outcomes," said Dominick Tassone, chief underwriting officer at AM Specialty, as he reflected on the company's approach to the market. "It's about finding the right partners. Our programmes aren't designed for transactional, short-term gains; we're interested in building sustainable partnerships that focus on underwriting profit rather than chasing top-line growth," he said.

Tassone's 47 years in insurance have given him a clear understanding of what defines a successful managing general agent (MGA). "The relationship between carriers and MGAs is pivotal. MGAs serve as crucial intermediaries, possessing market knowledge, underwriting expertise and distribution networks necessary for carriers to tap into niche markets."

"Building and maintaining successful relationships is an art. It requires mutual trust, open communication and a shared commitment to underwriting excellence. We understand these relationships are not just transactional; they are strategic partnerships that need to be nurtured."

ASIC continues to use a four-point framework when evaluating new MGA or programme opportunities:

- **Underwriting expertise:** Individuals with deep knowledge in risk selection, pricing and portfolio management, backed by a proven performance.
- **Customised products:** The policy form demonstrates tailored coverage solutions to address emerging or underserved risks that offer differentiation.
- **Specialised services:** The agent and/or carrier offers added value such as advanced claims handling, risk engineering and digital servicing beyond the standard marketplace.
- **Distribution channel:** Product is efficient, often with technology-enabled distribution channels that minimise acquisition costs and enhance client reach.

KEY POINTS:

- Discipline shapes MGA strategy
- Data quality drives alignment
- Partnerships built for longevity

"Underwriting expertise is absolutely paramount," Tassone stated.

"It's not just about experience, but whether the team making day-to-day decisions truly understands the importance of risk selection, pricing, the competitive marketplace and how decisions impact the bottom-line profit. We need to know their expertise aligns with ours as a carrier. If it doesn't, the partnership won't work," he added.

Data handling at core of MGA success

Tassone is acutely aware of the increasingly important role of data, saying: "The way MGAs handle data is central to our partnership."

"Our programmes aren't designed for transactional, short-term gains; we're interested in building sustainable partnerships."

"We interact with our MGA partners on a monthly and quarterly basis to review a programme's results including, but not limited to, loss ratio, pricing, changes to the competitive marketplace affecting a MGA's programme niche and lastly premium results to plan."

"We don't chase after growth just for the sake of growth," Tassone said.

"We conduct regular monthly and annual audits to ensure MGAs remain aligned with our standards; it allows us to monitor performance proactively and manage the business in real time." Sustainability, he explained, is all about alignment.

"We evaluate a programme's historical premium, loss, pricing and limit trends and ask: Does this class of business align with our underwriting appetite? Can it deliver predictable loss ratios through market cycles? And does it bring strategic value through specialised claims management, strong loss control and a robust, dedicated distribution network?"

"If an MGA's programme plans to grow from \$20 to \$100 million in a short period of time without a structured and transparent plan, that's a red flag for us. We want conservative growth which produces upward pricing and predictable loss ratio results."

Agility anchored in discipline

A key strength of AM Specialty's strategy, according to Tassone, is the alignment between its primary underwriting and reinsurance platforms. "The same team oversees both our primary underwriting and assumed reinsurance business," he said. "This creates consistency across both sectors and it allows us to pivot quickly when needed."

For Tassone, flexibility without compromising profitability is the cornerstone of AM Specialty's approach.

In a competitive and evolving market, creating differentiation is vital for MGAs, according to Tassone. "It's all about the details; we've recently launched a small tenant liability programme while expanding our distribution footprint with our pet insurance product. "We look for niches where we can retain a higher percentage of the risk and offer compelling value for our MGA partners and their valued clients."

For Tassone, success in the MGA space comes down to relationships and transparency. "It's a small community and building out reputation matters," he said. "We're looking for long-term partnerships, not just short-term gains. That's how we've built our success." ●

Dominick Tassone is the chief underwriting officer at AM Specialty. He can be contacted at dominick.tassone@amspecialty.com

CASUALTY

New capital to shape renewal outcome

The reinsurance sector is awash with capital, which is significant for US casualty business.



The reinsurance sector is awash with capital, but how it is deployed – and in which classes – will shape the trajectory of 2026 renewals and beyond.

So says Mark Braithwaite, chief commercial officer, North America, Gallagher Re, who joined the firm in July from Lockton Re. Speaking to *APCIA Today* after his first weeks in the role, Braithwaite offered a candid assessment of the industry's shifting dynamics, from fresh capacity to casualty's delicate equilibrium.

He sees a notable uptick in capital across the market, both from traditional and non-traditional sources. "It certainly feels like an increase in interest," he observed, noting the influx is not limited to one segment.

Over the past year, new reinsurers have launched while established Lloyd's players have expanded in Bermuda, often shifting into more proportional business lines. Names such as Canopus, Chaucer, Brit, Mereo and Oak Re are examples of this new phase. "That's traditional reinsurance capacity backed by largely non-insurance investor capital," Braithwaite said, but the picture extends much further.

Non-traditional capital has also returned in force. He points to a rise in investor appetite for cyber-related cat bonds, occurrence covers and industry loss warranties, alongside casualty sidecars. On the property side, innovation is growing, too, with hybrid products blending traditional structures with new "flavours", such as cyber and property shared limit cat bonds.

"We are absolutely seeing more interest in the market, across the board, not to any one segment." For cedants, this means greater choice – and potentially a more comfortable renewal season than the hard-fought placements of recent years.

Cautious optimism in casualty

If capital is expanding the menu, casualty is perhaps the most closely watched dish. For years, US casualty lines have been under intense scrutiny due to social inflation, adverse development from

KEY POINTS:

- New capital is flowing in
- US casualty under scrutiny
- More capacity, more options

prior accident years and uncertainty stemming from fluctuating development patterns. These headwinds fuelled seven consecutive years of double-digit rate increases in US excess casualty – an unprecedented run.

"Casualty has been in a sustained hard market," Braithwaite said. By contrast, professional lines such as public D&O spiked dramatically in 2020–21 before falling back almost as quickly. Casualty's path has been slower but more enduring.

Now, the mood is shifting. "I think we can either say there's increasing optimism or decreasing pessimism," he suggested. Recent quarters have seen fewer companies posting

“There’s an increasingly good chance we make it through 2025 without major adverse development.”

adverse development announcements from prior years than in calendar years 2023–24. Calendar year results, long masked by legacy issues, are beginning to look more favourable.

Braithwaite believes 2025 could mark a turning point. "There's an increasingly good chance we make it through 2025 without major adverse development," he explained. That would allow casualty industry calendar year combined ratios to dip below 100 for the first time in years.

This shift has and could continue to tempt fresh entrants into casualty, including reinsurers without exposure to legacy losses. Commercial

auto, too, might benefit. "At some point, people are going to recognise that 2025 for casualty was good," he said. "That changes behaviour – and appetite."

A new role

For Braithwaite, these market dynamics provide the backdrop to his own transition into Gallagher Re. After two decades focused largely on casualty, cyber and professional lines, his new remit spans all North American product and practice groups. His task: to align vertically with global strategy while also driving horizontal collaboration across products.

"My initial observations are we're very good in most, if not all, the individual products and practices where we have experts immersed in those markets," he said. "But my role is about two things: alignment with global strategy, then horizontally taking best practices from one area to others."

That cross-pollination could mean applying lessons from product lines with strong market share to newer or faster-growing segments – or borrowing growth strategies from niche areas to energise mature portfolios. "It's about asking the right questions," he said. "Why do we have a large market share in this area, and can we replicate that?"

For Braithwaite personally, the opportunity to broaden his focus is energising. "One thing I'm most looking forward to is learning about areas I've not historically been focused on," he said. "That feels most exciting."

The reinsurance industry enters 2026 with a stronger capital base, more creativity in structures and a casualty market that might finally be turning a corner. Against this backdrop, Gallagher Re aims to leverage its scale, specialism and collaborative approach to deliver value for clients.

Braithwaite reflected. "If the mood across the market is shifting from pessimism to cautious optimism, our job is to help our clients successfully navigate those dynamics." ●

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US CASUALTY

Riches in niches: Price Forbes Re

KEY POINTS:

- Targets harder-to-place risk
- Works with regional US carriers and MGAs
- Casualty price softening 'inevitable'

There are nuggets of gold to be found in specialty niches too often overlooked by big brokerages chasing the same megadeals as one another.

That's the view of the US arm of specialist risk strategy and reinsurance broker Price Forbes Re, part of the Ardonagh Group.

"I think right now if you look at the landscape of broking, they've all basically declared they're going after the same business," Price Forbes Re executive vice-president Brian Cole told *APCIA Today*. "They are all going after the big business. We're not doing that. We are going after the regional or specialty carriers, programme carriers, areas where we can make a difference. We just can't go in with a huge sledgehammer like some of the big guys."

Casualty is a broad word and Cole pointed out that there are niches within those casualty lines of business.

"We think there's a lot of opportunity in that area," Cole told *APCIA Today*. "Some of the big guys, if it's not a seven-figure deal, they shrug their shoulders, but we are fine with that. Those are the ripe opportunities that we are looking for."

As to where these profitable pockets might be, Price Forbes Re points to under-served American farmers and ranchers, as well as continued interest in professional liability in increasingly niche professions — which speaks to America's litigation culture. "You could sue a ham sandwich in the US," Price Forbes Re

“You could sue a ham sandwich in the US.”

Joseph Stanoch on America's litigation culture



Brian Cole (left) Joseph Stanoch

managing director Joseph Stanoch deadpans.

Stanoch pointed out that if a deal comes up that his US office is not familiar with, as part of the Ardonagh Group, the broker can call on expertise in London, Bermuda and Singapore.

Gazing into their crystal ball, Stanoch and Cole see casualty pricing softening as the market heads into 1/1, which they say is "inevitable" despite some more established brokers adopting a wait-and-see approach.

Cole said: "What we will see is brokers really pushing for softer casualty pricing and reinsurers pushing against that. Reinsurers will argue that 'nuclear verdicts' in casualty still exist."

Nor do the Price Forbes US executives see reinsurance attachment points coming down at the 1/7 renewals.

"I don't see reinsurers bending on that and they're also going to push hard against carriers wanting price reductions," Stanoch told *APCIA Today*.

What Price Forbes Re USA hears from reinsurers are the casualty lines they are keen

to write and others that are harder to place. So, non-financial lines and mainstream errors and omissions (E&O) are low-hanging fruit, while commercial auto — currently running at 70-80% loss ratios — is still under pressure.

Another area of interest is the rise of alternative capital and catastrophe bond-style instruments being used for casualty. Although ILS experts have poured cold water on cat bonds being used for casualty liability, Price Forbes Re USA could see a role for them in short-tail casualty lines such as commercial auto, contractor risk, some E&O and excess liability — anything where the claims process ends after around three years.

Cole told *APCIA Today*: "Our general focus is on the smaller end of the market. What I would say to carriers is, don't just go for a one-size-fits-all deal that you get with a big broker. Could they get a better bang for their buck by breaking some of that risk up, maybe some of the harder-to-place stuff and shifting that off to get a better deal in a softening market?" ●

NEWS

Berkshire Hathaway preps for Warren Buffett's step back

Berkshire Hathaway has cleared the path for the pending change at the top, separating the roles of CEO and board chairman to allow the famed Oracle of Omaha to resign from the first and settle into the latter.

Bylaws were changed at a September 30 board of directors meeting to separate the roles, enabling it to fulfil the board's May resolution to appoint Warren Buffett's deputy, Greg Abel, to the CEO

post from January 1, 2026 as Buffett steps aside. Buffett has previously worked to play down the threat that he might micromanage from the chairman's seat.

The change "will mean that at year-end Greg would be the chief executive officer of Berkshire and I would still hang around and could conceivably be useful in a few cases, but the final word would be what Greg said in operations,

in capital deployment, whatever it might be," Buffett told the shareholder meeting in May when announcing his intentions.

"I could be helpful, but Greg would have the tickets," Buffett said. "He would be the chief executive officer, period."

However, Buffett said he would be on hand during "times of trouble", should such a need for his presence arise. ●



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E&S LINES

E&S markets surge on loss growth

KEY POINTS:

- Nat cat, social inflation hit admitted carriers
- E&S market growing significantly
- Reinsurance discipline here to stay

AM Best is witnessing significant growth in excess and surplus (E&S) markets as a result of elevated loss activity in the US.

Jackie Lentz and Carlos Wong, both senior directors for commercial and specialty at AM Best, told *APCIA Today* that nat cat losses and social inflation were particularly impacting the industry, with carriers in admitted markets struggling to make necessary adjustments – subsequently pushing it out towards surplus lines.

The pair pointed to sub-segments rated by AM Best with negative outlooks as being those most difficult for traditional markets to write, such as homeowners, commercial auto and some liability lines.

“It’s very challenging. Losses are increasing and it may be hard to get rate. Some lines could continue to harden,” said Lentz. “As a result we’ve seen significant growth in the excess and surplus (E&S) lines market.”

Most affected lines are hard to place, hold significant risk and pose challenging underwriting conditions, Lentz added, meaning traditional markets can’t afford to take on the risk.

“So it goes to the E&S market, where they



Jackie Lentz (left) and Carlos Wong

“A lot of this risk could be long-tail in nature, or could be cat exposed.”

have much more flexibility to underwrite this business and charge the appropriate premium for the risk,” Lentz said.

“A lot of this risk could be long-tail in nature, or could be cat exposed. With those types of conditions and certain negative outlooks on certain sub-segments, we really see a lot of MGAs pushing this business to E&S and non-admitted carriers.”

Wong said that while admitted carriers have been trying to apply a number of corrective measures, tightening underwriting and increasing rates, this can take time in these markets.

At the same time, in terms of reinsurance support, reinsurers have been de-risking

significantly in the past few years, and it is now only the largest reinsurers that are prepared to take on cat risk.

“Capacity is there and reinsurers are doing especially well now, but they are operating under much tighter underwriting guidelines and at much higher layers of protection,” Wong said.

“That is why we see this shift towards surplus lines, where you can have a bit more flexibility. The largest carriers are managing to rebalance their portfolios, but medium-sized and small carriers, which are much more concentrated geographically and exposed to cat risk, are definitely under pressure.”

Wong highlighted it was noteworthy that, unlike previous hard cycles, and despite very attractive rates on property cat reinsurance, there haven’t been any new entrants.

“Reinsurers still see that they are catching up from years prior to 2021 – a long period of soft market conditions,” Wong added. “Now investor pressure is quite significant, and we believe that reinsurance discipline is here to stay.”

Among several reinsurers, especially the largest ones, Wong said that when they have been able to raise capital, they haven’t necessarily been locating that to more cat exposure, but to primary lines of business or specialty.

“Surplus lines of business is an area that is still considered very attractive, and most of the largest players are trying to expand their platforms there,” Wong added. ●

NEWS

Big changes are coming at AIG as overhaul paves way for Neal

American International Group (AIG) has unveiled a new leadership structure for North America commercial insurance, in a move that comes hard on the heels of its high-profile hire of former Lloyd’s CEO John Neal as incoming president – a switch made before Neal ever took up his planned role at Aon.

Don Bailey, executive vice president and chief executive officer, North America commercial insurance, will step down at year-end to focus on his health.

Bailey has played a critical leadership role in repositioning the company’s North America commercial business in the marketplace as part of AIG’s strategic repositioning. His retirement concludes a notable career in the insurance industry spanning nearly 40 years.

Effective January 1, 2026, Allison Cooper and Barbara Luck will become co-presidents of retail, North America Commercial, while Lou Levinson will serve as president of wholesale. All three will report to Neal, who is due to start as AIG president on December

1, 2025, reporting to chairman and CEO Peter Zaffino. Zaffino said: “Don Bailey has made a tremendous impact on AIG during his tenure. He revitalised AIG’s distribution and client relationships and galvanised our North America team as we instilled underwriting excellence and established leadership in the marketplace.”

Bailey commented: “I am confident that Allison, Barbara and Lou serving on John Neal’s leadership team will build on AIG’s significant momentum in the marketplace.” ●



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MGAS

Reinsurance MGAs moving centre stage

KEY POINTS:

- Collateralised re up in specialty
- MGAs, 'nimble markets' stepping in
- Insurers re-entering MGA capacity

Reinsurance MGAs are becoming a more significant component of the US reinsurance space after a period of growth this year in their use.

That's according to leaders of Stonybrook Risk Management, who told *APCIA Today* that insurance groups are showing renewed interest in backing reinsurance MGAs after a sustained period of limited appeal.

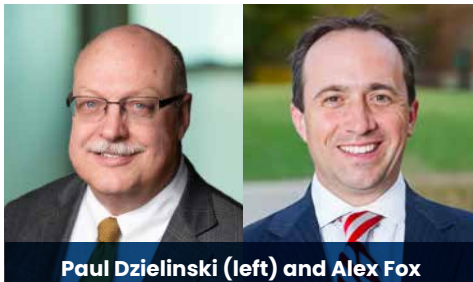
A subsidiary of banking group Stonybrook Capital, the division specialises in connecting reinsurance capacity with specialty writers.

Particularly due to the lines the group specialises in – specialty lines including trucking, general liability and medical malpractice classes – collateralised reinsurance is the space where the group sees the most activity.

Paul Dzielinski, managing director and partner at Stonybrook, said that for these lines, collateralised reinsurers offer “the most reliable source of quota share capacity”.

“We have to sometimes educate our clients on what a collateralised reinsurer is, and how it's all set up, but we find that they're much more receptive to providing capacity on somewhat reasonable terms,” Dzielinski said.

“We do have some traditional reinsurers doing it, but I'd say with a large placement we really have to have the collateralised guys involved.”



Paul Dzielinski (left) and Alex Fox

Alex Fox only joined the group a month ago as an executive vice president, but he agrees that collateralised reinsurance has seen the most activity for niche or difficult lines.

“I think some of the traditional larger reinsurers are now less receptive,” Fox said. “They are overwhelmed with the number of submissions they have, and are taking a very cautious approach in that space.”

“MGAs have much broader worldwide access to the business with the broker relationships.”

However, Fox also highlighted the more prominent role of specialty or “nimble markets”, including smaller reinsurers and reinsurance MGAs, that he said were now increasingly entertaining some of those tougher risks.

Dzielinski has more than 40 years of experience in the reinsurance industry, and says when he started his career there were around

50-70 reinsurance capacity providers, and many were assumed departments within insurance companies.

Over time this number has dropped significantly to the point where there are very few reinsurance MGA arrangements.

“That's partly because they were not fully dedicated to it, as far as applying resources, and in many cases it was more of a niche, and it didn't matter to the bottom line, except when they had a bad year,” Dzielinski explained.

However, this year the attraction of supporting reinsurance capacity seems to have returned for some insurance companies.

“A lot of these insurance companies said that they are out of the assumed business, but what's happened now with some of these MGAs is they've said ‘look you have this A+-rated balance sheet, here's a great diversification play for you’,” he added.

The insurer vets the MGA, but the MGA provides all the experts, including pricing actuaries, claims professionals and experienced underwriters.

The arrangement benefits insurance companies, as the MGA fee is usually much cheaper than if the insurer were to replicate it themselves.

“Plus, these MGAs have much broader worldwide access to the business with the broker relationships, so they are able to get a much more diversified portfolio than if these guys tried to do it by themselves,” Dzielinski added. “That message is now resonating with more companies.” ●

NEWS

CFC builds US cyber presence with senior Coalition hires

CFC has expanded its US footprint with the creation of a dedicated US-based cyber development team and the appointment of two senior hires from Coalition.

John Keebler joins as national cyber development leader, US, based in Chicago. Working with CFC's US and London underwriting and distribution teams, he will drive strategic initiatives to help broker partners generate sustainable growth in cyber. Keebler has more than 15 years' experience in cyber insurance, most recently serving as

national director for business development at Coalition.

Joining him is Morgan Justice, appointed cyber development manager for the western region, US. Based in the eastern San Francisco Bay Area, she reports to Keebler and will focus on building new broker relationships and expanding CFC's cyber portfolios in the western market. Justice previously led West Coast underwriting and business development at Coalition.

She joins CFC's New York-based cyber

development manager, Annie Lyons, who will also report into Keebler.

Lindsey Maher, CFC's head of global cyber development, said the appointments will accelerate its growth ambitions in the US.

“The creation of our US-focused cyber development team demonstrates our commitment to providing a dedicated resource to help our brokers succeed. John, Morgan and Annie will act as CFC's key decision-makers on the ground to provide a fast turnaround and support complex deals.” ●

US CASUALTY

US casualty market in flux

Howden Re shares its perspectives on the changing landscape of US casualty reinsurance.



The US casualty reinsurance market is undergoing rapid change. Rising rates, reduced limits and the growing influence of data and technology are reshaping how carriers and reinsurers operate. At the same time, social inflation and litigation funding are creating new complexities. Speaking to *APCIA Today*, Carrie Byler, managing director, head of US general casualty, discusses the forces driving today's market ahead of 1.1 renewals.

What are this year's defining themes in the US casualty reinsurance market?

One key trend is rate. We're seeing a continued push for rate increases across the board, coupled with the reduction in limits. Across our database, the average umbrella/XS limit deployed is \$7.4 million. With these portfolio changes, the expectation is carriers are operating in a very different market than a few years ago.

There has also been an explosion in the availability of data and a need for increased data quality. When this data is leveraged correctly, underwriters have so much more information, and we are seeing tangible pricing and capacity benefits.

How central is AI, really?

We're committed to helping clients understand how AI can enhance their strategic goals, but it has to be implemented correctly. We talk a lot about how AI should be used for "augmented" decision-making, not "automatic" decision-making. A comprehensive data governance process is essential: clear model documentation, audit trails and human-in-the-loop controls so efficiency gains don't come at the expense of compliance, fairness or data quality.

With the right controls in place, AI can have an incredible impact on day-to-day operations. We're already seeing that in areas such as claims handling, underwriting, predictive modelling and operational efficiency, particularly in reducing low-value work. Carriers might have different approaches and applications for the technology, but across the board, there is strong focus on ensuring they remain at the forefront.

KEY POINTS:

- Rates rising, limits reduced
- AI and data quality critical
- Tort reform and funding in focus

What is being done to address the impact of social inflation and litigation funding in the US?

Claims management strategies are critical, but there is also a need to educate the consumer on the broader societal impacts of social inflation. As we've learned, the average American household pays around \$4,200 "tort tax" annually as a result of legal abuse.

Just as important is continuing to focus on who is benefiting from the large settlements. Plaintiff attorneys are benefiting significantly, with standard contingency fees from 30%-40% and, in some cases, reaching 50% of the settlement.

“AI should be used for augmented decision-making, not automatic decision-making.”

Transparency around settlements, non-economic damages and who is funding the litigation is critical. We are seeing some positive steps towards achieving this with the Georgia Tort Reform Bill passed in April and bills in states like Louisiana and South Carolina. Elsewhere, such as Texas, Florida, Oklahoma and Arkansas, tort reform bills are under review.

How is litigation funding shaping the landscape?

It is also a key part of the conversation. Depending on the source, the U.S. litigation funding market

is expected to reach \$20-25 billion in 2025. As an industry, we are working on educating the public about its negative impacts. We want to make sure plaintiffs are never forced to prioritise a funder's ROI over their own best interests. The government needs to do more on regulation and legislation to prevent US casualty claims being an asset class for investors.

What effect has the influx of third-party capital had on the casualty market?

For a long time, third-party capital focused more on the shorter-tail lines, with the global property cat bond market continuing to grow rapidly. In 2025, the market is estimated to reach around \$55 billion.

While well below the size of the property ILS market, and more specifically, the property cat bond market, casualty ILS is experiencing significant growth, driven by interest from both cedants and investors.

We expect this pace only to accelerate. Casualty ILS offers cedants the opportunity to diversify their sources of capital, while also creating exciting opportunities for both cedants and investors.

What are your expectations for 1/1 for US casualty reinsurance renewals?

There will be a focus on individual underwriting strategies, risk selection, rate and limit management strategies, including premium-to-limit balance. Knowledgeable teams will continue to outperform the market.

Cedants must properly articulate their strategy, the industries and segments they operate in and any re-underwriting changes made to the portfolio. With social inflation bearing down, data quality is critical. Cedants that can demonstrate why they should be differentiated will attract the greatest capacity and best terms. ●

Carrie Byler is managing director, head of US general casualty at Howden Re. She can be contacted at: Carrie.byler@howdenre.com

CASUALTY ILS

Bullish MultiStrat seeks more cash

KEY POINTS:

- Deutsche Bank helped raise cash for casualty fund
- Howden also raising money for new fund
- MultiStrat acquired by Baldwin Group in April

MultiStrat, the specialist underwriter and reinsurance investment platform, is now raising capital on two fronts, its CEO has confirmed, as it looks to leverage what he said remain favourable market conditions.

The Bermuda-based company in September unveiled a new capital investment by a large institutional asset manager in a casualty reinsurance-focused reinsurance vehicle in a deal executed by Deutsche Bank Securities.

Now, it is again raising capital in the region of “hundreds of millions” in a deal led by broker Howden, Bob Forness, its chief executive, told *APCIA Today*. This tranche of funding will target some casualty as well as cat-exposed property risk and some speciality business.

“We will remain very selective in our underwriting, but this will allow us to deploy more capital into the opportunities we see,” he said. He added that MultiStrat has seen some \$26 billion of premium flow in 2025, but it has executed on less than 4% of these opportunities.

The focus on fundraising also comes after the company, a pioneer of casualty ILS, was acquired by the Baldwin Group, in April. Forness acknowledged its parent offers a

“We will remain very selective in our underwriting, but this will allow us to deploy more capital into the opportunities we see.”



number of advantages, including links to an affiliated broker and capital, which might take the form of a “Baldwin-sponsored investment”. But he also stressed MultiStrat’s independence. “We still work with everyone,” he said.

He said the one underlying reason for raising capital is that market conditions remain positive. He acknowledged rates are softening on some lines, but, in casualty, stressed these are coming on the back of an elongated period of steep rate increases. “As such, most casualty rates are adequate,” he said.

He also stressed rates is only a part of the dynamic in casualty business. There are many other factors such as terms and conditions, clauses and the risk structure that determine

how profitable a deal might eventually be. “We are very disciplined in looking at all those factors. We take a granular, analytical approach,” he said.

On casualty, he also noted the business writes primary layers with a per occurrence cap. This means it’s not exposed to nuclear verdicts, which are becoming so problematic for insurers and reinsurers with exposure to higher layers.

Forness also agreed with calls elsewhere in the industry for some casualty business to move to claims-made coverage, as opposed to claims occurring, for certain risks. “It makes sense on some business where claims-made will be a better fit but it is not a generality for all casualty business,” he said. ●

REPORT

US physical risk losses could jump above 25% by 2050: Moody’s

The economic damage caused by physical risk in the US could jump by more than a quarter by 2050 compared with today, with overall losses totalling \$1.5 trillion.

Roughly two thirds of this economic loss could be attributed to “chronic factors” such as sea level rise and productivity loss, with the remaining third attributable to more frequent and severe natural disasters.

For example, a Category 5 hurricane sweeping into Miami alone could cause economic fallout exceeding a typical US recession.

That’s according to Moody’s Ratings, which

has produced a report on the economic impact of catastrophic events.

“Hurricanes in Florida or wildfires in California can be viewed as indicators,” said Moody’s analysts, “demonstrating impact and the emerging need for forward-looking physical risk modelling as events are projected to become more frequent and severe, resulting in more significant economic and financial effects.”

And a typical commercial real estate (CRE) loan portfolio could see a near 18% increase in default probability and about a 20% increase, more than \$200 million, in expected losses.

Of course, physical risk is not just a US concern. Moody’s estimates that by 2050, the global economic impact of physical risk might reach \$41.4 trillion, or a loss equivalent to 15% of gross domestic product (GDP). This includes the impacts both of acute (flooding, heat waves, tropical cyclones, wildfires) and chronic (productivity loss, heat stress, sea level rise, agricultural disruption) physical risk.

Roughly two thirds of this global economic loss could be attributed to chronic factors, with the remaining third attributable to more frequent and severe natural disasters. ●

FLOOD

NFIP lapses amid govt shutdown

The National Flood Insurance Programme (NFIP) has officially lapsed along with a broad spectrum of US government services, and no visible progress on several lingering authorisation/extension bills nor hint of the programme in any congressional continuing resolution or floor actions.

Several bills in the House and Senate have been in play that would allow an extension beyond the end-September deadline, including three house bills filed since mid-September. One appeared explicitly as a rescue measure, with a new short-term deadline to November 21.

But none of the existing bills appeared on the records of floor votes nor did they show progress beyond the initial referrals given upon submission, although the latter legislative tracking data is not kept up in real time.

The NFIP does not disappear with the failure to extend. The immediate consequences



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remain chiefly the inability to bind new policies and the removal of some backstop funding. Existing policies remain in force and are to be serviced.

“The NFIP could not sell new flood policies during a lapse,” analysts at AM Best had said in

a comment ahead of the deadline. “As lenders require proof of flood insurance for properties in special flood hazard areas to finalise a mortgage for a property, an NFIP authorisation lapse could halt real estate closings, estimated at more than 1,000 per day.” ●

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FACULTATIVE FACILITIES

Added fac facility restrains wildfire

KEY POINTS:

- Increased appetite for fac facilities
- Reinsurers showing more restraint around wildfires
- SCS less impacted by losses

Reinsurers are showing increased restraint around wildfire peril in facultative facilities after the heavy losses recorded in California at the start of the year, according to Ryan Dabransky, Aon's fac facilities leader, who said wildfire is the most affected peril.

Formed nine years ago with three people, Aon's fac facility team, led by Dabransky for the past five years, now numbers 23 P&C brokers dedicated to facilities. Growth has been driven by client demand and added reinsurer support, with Scor and Ryan Re among new entrants from 1/1.

Dabransky said his team offers "a number of solutions and structures for different client



needs", but property placements typically exclude main storm, earthquake and high-hazard flood – making secondary perils central. "It's covering wildfire, it's covering severe convective storms (SCS), man-made fire and winter storm. There's been a lot more

focus around the secondary perils," he said. Facilities include a portion that allows client policies to be underwritten fully automatically, and a portion that gives the reinsurance capacity provider more oversight through an underwriting box.

"There is an underwriting box, and because of the secondary perils and how those have developed in losses, there's a bit more restraint around the underwriting box," he explained.

"Wildfire is a good example. In a lot of our deals, wildfire scoring will be a key component. Our underwriters have to really think about what tools the client is using, how they are underwriting wildfire, and right off the bat whether the reinsurer is going to be comfortable with that tool." Policies can flow automatically if scores and tools meet thresholds; otherwise reinsurers review and reprice.

"SCS has always been a big component of what we do," Dabransky said, noting that disciplined facility underwriting and strong client practices have limited losses in this space. ●

PANEL

Not so secondary after all – SCS losses hit \$50 billion

Secondary insured losses, such as severe convective storms (SCS) or floods, are no longer playing second fiddle to hurricanes and earthquakes, a panel on Monday, October 6, heard at the APCIA conference in Orlando, Florida.

SCS losses alone have climbed to more than \$50 billion over the past two years, Munich Re said, accounting for 60% of all natural catastrophe losses.

"These so-called secondary perils, like wildfire, convective storm and flood are no longer secondary," agreed Kathy McCann, managing director and US deputy segment leader, Guy Carpenter. "They're producing outside systemic losses, and they're so much harder to model in price ... even when the hurricane season is quiet, it seems like these secondary perils are really filling in those losses."

Panel moderator, economist Dr Robert Hartwig, clinical associate director professor of finance, risk management and insurance at the Darla Moore School of Business, University of

South Carolina, pointed out that in a bad year, secondary loss damage can cost re/insurers as much as the devastation wreaked by a major hurricane.

Robert Jones, treaty North America manager, regional and specialty companies, Gen Re, said: "The frequency and severity of events is the new normal. We are seeing increased sea temperatures, hotter and drier conditions. Increased resiliency when it comes to building new structures is one way that communities are trying to address the problem."

McCann chipped in that it was an "evolving" new normal.

In a wide-ranging gallop over reinsurance industry trends ahead of the 1/1 renewals, the Navigating Risk with Reinsurance panel agreed that the flood of third-party capital coming into the reinsurance market is giving cedants more leverage, as well as the market seeing a resurgence in frequency protection through aggregate treaty layers and parametric protection.

Jones said that his biggest worry was US

casualty and especially adverse developments in long-tail accident years.

"We need to think about how to address the US casualty market and some of the outrageous outcomes we have seen over the past few years," he said.

There was consensus about the insidiousness of "social inflation", the corrosive impact of outsized court verdicts in liability cases. Despite applauding the efforts of Florida to put a lid on nuclear verdicts, TV ads telling people how much they could win in court settlements create expectations in juries' minds as to what size awards should be, Jones noted.

Jones pointed out that the most impacted line has been commercial auto, which, despite the industry doubling premiums, has still been unprofitable for the past six years.

Jill Mraz, business development executive, Munich Re US went further, suggesting the next wave of liability lawsuits could hit cyber insurers with cases being brought against data breaches. ●

PROPERTY TREATY

Softening offset by greater demand

KEY POINTS:

- Reinsurers/insurers in sync
- Stability and healthy profits
- Florida in better place

Reinsurers and insurers seem much more in sync in terms of pricing than they have for a long time in the US, with both sets of carriers benefiting from improvements in pricing with their respective clients, Mark Vaughan, deputy head of treaty at Beazley, told *APCIA Today*.

He said any negatives in property treaty business, including a deterioration of rates in some areas, is broadly being offset by positives. As such, reinsurers and their clients are both enjoying a relative period of stability and healthy profits.

“Insurers have also made adjustments in recent years, which have meant a better combined ratio. And reinsurers have improved theirs, too,” he said. “That is unusual in this market. It has often been a case of one side winning at the expense of the other. At the moment, however, it is more a case of both sides seeing positive conditions.”

Any softening he is seeing, he said, is being offset by increased demand. Some of this is coming from natural inflation, and the fact some cedants could not buy all the coverage they wanted when rates sharply hardened in 2023 and 2024.

A portion is also driven by changes to risk models made by RMS and AIR last year and



“It is always a bit like whack a mole in Florida – you are wondering where the next problem will come from. But, so far, the reforms have worked and the market is looking attractive again.”

this year. “Those are still flowing through and not everyone is using them, but they are leading to more demand.”

That demand, however, is not extending to increased requests for frequency covers – something that has been a theme of this conference season. “We are not seeing demand of that nature, expect perhaps for very high-level covers in the retro space,” he said. “I think

reinsurers are still very cautious about low-level frequency covers. They didn’t work out very well last time.”

Another positive Vaughan noted was in Florida, where tort reforms have improved the environment dramatically. As a result, insurers’ combined ratios have improved and fresh capacity is entering the market. This is causing rates to decrease but “that was what the reforms were meant to achieve” he said.

“It is always a bit like whack a mole in Florida – you are wondering where the next problem will come from. But, so far, the reforms have worked and the market is looking attractive again. It used to be a case of insurers paying a percentage of indemnity claims and a percentage of fraudulent claims. For now, it’s mostly indemnity claims coming through, which is refreshing.”

On the other side of the US, there is also some positive news. The devastating California wildfires in January have resulted in a big correction in that market, which largely occurred in the June/July renewal. Risks once regarded as one-in-250-year events, have now been re-written as sub one-in-50-year events, he said. “That has been a positive for carriers with additional price and limit being purchased.”

His other observation on the wider markets was that it will be interesting to see if the excess and surplus (E&S) lines markets, which have been growing quickly in the context of a hard market, will now shrink as rates turn. “In a soft market, admitted carriers tend to come back in. It will be interesting to see how sticky the E&S market is,” he said. ●

M&A

White Mountains sells majority stake in US MGA in \$1.75bn deal

White Mountains Insurance Group has agreed to sell MGA Bamboo, its homeowners’ insurance platform operating in California and Texas, in a deal with global private equity manager CVC Capital Partners. The transaction values Bamboo at \$1.75 billion.

The deal is expected to add approximately \$300 per share to book value and generate \$840 million in cash, with White Mountains retaining a 15% stake valued at \$250 million.

Manning Rountree, White Mountains CEO, said: “It has been our privilege to partner with Bamboo. Its rapid growth is a testament to the value and innovation it is bringing to the homeowners’ insurance market.”

“This transaction is a win-win for both White Mountains shareholders and Bamboo management and employees,” added Liam Caffrey, president and chief financial officer of White Mountains.

John Chu, Bamboo founder and CEO, said:

“While I’m incredibly proud of the growth we’ve achieved while staying true to our client-first values, we’re still in the early innings. We are thrilled to welcome CVC on as our new majority capital partner alongside White Mountains.”

Daniel Brand, partner at CVC, added: “Bamboo is a one-of-a-kind asset, deploying differentiated technology, speed and underwriting to serve the insurance needs of homeowners in California and Texas.” ●

WORKERS' COMPENSATION

CopperPoint seeks out new partners

KEY POINTS:

- CopperPoint is seeking acquisitions
- New CEO to take reins next year
- California workers' comp needs reform

The incoming chief executive of CopperPoint Insurance Company, which celebrated its centenary in business earlier this year, is in Orlando this week on the hunt for acquisitions. Kellen Booher, chief operating officer since March, set to take the reins in the first quarter of 2026, is looking to continue the work of predecessor and mentor Marc Schmittlein.

"We are actively seeking partners. That could be another mutual to merge with or a stock company. We are looking for companies that would enhance our footprint – that could be by geography or line of business. We believe we have the infrastructure to help companies and, as some of our previous deals have proven, one plus one can equal a lot more than two," Booher told *APCIA Today*.

The ambition would build on what has been a successful strategy for Schmittlein



Marc Schmittlein (left) and Kellen Booher

structure, a move which it says gives it the best of both worlds: the ability to take a long-term view to serve policyholder/members, with the flexibility and access to capital stock insurance companies enjoy.

Fast forward to 2025 and the Phoenix-based company, a long-time specialist in workers' compensation, is operating in 21 states and writing a number of other commercial insurance lines, though Booher, who joined from Chubb, stressed the company will not move into personal lines.

Schmittlein has been at the helm since 2016, joining from The Travelers Companies – also a former company of Booher. In fact, both benefited from the mentorship of its former CEO, the late Jay Fishman. One of Schmittlein's biggest legacies, he believes, will be a major investment the company made in technology, analytics and data in 2017.

"I wanted to put us on an equal footing with national carriers," he said. "We did that but it also means we are in an excellent position to grow. I am proud of what we have achieved and we have proven what we are capable of with the deals we have done so far. But now I look forward to seeing Kellen take things forward now as we ease into the transition of leadership."

Booher also commented on the situation in California's workers' compensation market, where CopperPoint has a solid presence – specifically the emergence of workers'

compensation cumulative trauma (CT) claims, which are growing fast. CT claims now account for some 25% of all workers' comp claims, up from single digits in 2005 and 15% in 2021. California is the only state that allows cumulative stress claims in workers' compensation and one of only a few to permit claims after termination.

“We are looking for companies that would enhance our footprint – that could be by geography or line of business.”

Kellen Booher

and the company. In 2018, it acquired Pacific Compensation Insurance from Allegheny Insurance Holdings for \$150 million.

A year later, it built on this with the acquisition of Alaska National Insurance Company, which also resulted in an upgrade of its financial strength rating by AM Best to A from A-.

In between those deals, it adopted a new mutual insurance holding company corporate

“We are in an excellent position to grow. We have proven what we are capable of with the deals we have done so far.”

Marc Schmittlein

Booher said reform is needed to stymie this growth. He said the rules around what claims are allowed need to be tightened – and other changes might be needed. He noted the issue was coming to prominence. In July, California Insurance Commissioner Ricardo Lara issued a letter to state leaders warning of a significant increase in workers' compensation costs driven partly by CT claims. Booher said action is needed on this issue. ●

PROPERTY

Capacity edges back to aggregate cover

KEY POINTS:

- The market is softening this year
- Flexibility on attachment points
- Muted return of aggregate layers

Reinsurers reducing attachment points for carriers at the 1/1 renewals and a muted return to aggregate cover for higher-frequency severe convective storms (SCS) are two of the trends Lockton Re is seeing in the market.

"I anticipate that reinsurers may be more willing to support lower down or potentially reduce attachment points modestly," Lockton Re North America property leader Laura Murphy told *APCIA Today*. "Or offer subsequent event protection as a way to defend where they really want to grow."

Murphy, who joined Lockton Re five years ago, said she anticipates pricing pressure on low-end reinsurance structures as reinsurers look to protect deployment opportunities on portions of the structure where they are really looking to grow.

“There remains a disconnect between what recovery profiles reinsurers are willing to sell and what buyers may find valuable.”

The Minneapolis-based broker told *APCIA Today* she's confident capacity will return to the aggregate or frequency protection space.

That said, there is still "quite a bit of disconnect" in how buyers value available aggregate protection.

"As sellers are more willing to explore aggregate coverages, there remains a disconnect between what recovery profiles reinsurers are willing to sell and what buyers may find valuable," Murphy said. "So, until buyers adjust how they quantify value of protection, and



maybe sellers get more creative or competitive on the responsiveness of the cover, I just don't see that take-up being as high as it has been historically."

Murphy agrees with the talk in the halls at this year's *APCIA* conference that there will be a softening in the market this year. Post the Palisades, Los Angeles wildfire, the presumption was that prices would firm but capacity remained abundant.

"What we saw at the mid-year renewals, we expect to continue into 1/1 with rate reductions and coverage enhancements," Murphy told *APCIA Today*.

California homeowners' market

However, Murphy is nuanced about carriers returning to the massively underserved

California homeowners market, which, she says, can only happen if they can get reinsurers on board – and that might only happen at premium costs which become unaffordable to homeowners.

"There's interest in the California homeowner market as there's an opportunity to fill a void. The hurdle there is developing a price and model that aligns reinsurer capital and remains affordable/attainable to the policyholder," said Murphy.

In short, even if carriers want to re-enter the

California homeowner market, the cents and dollars have to add up to make it worthwhile.

So, what would Murphy's advice be to clients who need to preserve profitability in a softening market?

"My advice to clients would be to ride the cycle as best you can while preserving the integrity of your portfolio management. So not allowing the pressure to grow premium volume conflict with the thresholds you have put in place to preserve the spread of risk and overall rate adequacy, which is difficult when the market is so competitive."

Murphy first entered the reinsurance broking business when the market was entering another soft cycle and she sees the same thing happening now. Having seen this cycle, she has some tough love for her clients.

"I encourage the continuation of sustainable structures and strategies throughout the market cycle. There has been a tremendous amount of correction in the market and if we can collectively protect the progress made in terms of structure and rate adequacy, we can mitigate the post-event shock," she said.

As to what goes into the secret sauce that

“Ride the [softening] cycle as best you can while preserving the integrity of your portfolio management.”

makes Lockton Re different to other brokers, Murphy says it comes down to passion and what she calls "over-service" to clients.

"We deploy a very high touch approach with clients. Our brokers and analytics teams have a real passion for the business. Personally, I focus my attention on the regional or specialty space. In terms of growth strategy, our ability to over-service our clients and support their business beyond the transaction is where we look to add value and how we can best grow in this business." ●

STRATEGY

Depth over chosen diversification

Survey shows companies are focusing on intensifying existing product lines, leveraging technology and partnerships, rather than venturing into untested markets.

Against conventional wisdom that companies must chase adjacent geographies or verticals, many are choosing to harvest share in existing lines where they believe they hold a competitive edge.

Three fifths of respondents in *APCIA Today's* annual survey are opting not for expansion into new lines, but doubling down on what they already know. At a moment when many anticipate a muted rate environment, 60% of survey respondents see the greater upside as deepening their foothold in existing product lines, rather than venturing into new territories.

Nonetheless 40% said primary growth in 2026 would come from expansion into new lines or geographies.

Innovation remains part of the story, but its role is to reinforce existing portfolios rather than fuel dramatic diversification. Some 40% of participants selected IoT for risk monitoring as a source of near-term value, matched by those who pointed to cloud and digital infrastructure upgrades. One third highlighted generative AI tools or enhanced underwriting workbenches. Others identified cyber risk analytics as a crucial lever. Such investments lean towards strengthening established books of business, rather than building new classes of risk.

One executive summarised the mood: "Growth in existing lines gives you operating leverage and control." Even incremental gains

KEY POINTS:

- Focus on existing lines
- Investment hard to justify
- Mergers attracting interest

can deliver meaningful returns if applied across a mature portfolio.

There is still an appetite for expansion, with new lines or geographies, particularly in niches such as parametric flood products, embedded cyber or regional specialty risks. But it requires significant upfront investment in models, distribution, capital allocation and relationship building, making it harder to justify to boards or capital providers.

Broader macro factors are in play: inflationary claims costs, social inflation and geopolitical uncertainty encourage conservatism. Expanding too aggressively under these conditions risks stretching underwriting expertise.

Technology thus becomes an enabler of this growth strategy rather than a driver of expansion. Survey participants spoke of streamlining quote-to-bind processes, automating repetitive underwriting reviews and applying cyber analytics to sharpen risk segmentation.

Some respondents saw growth opportunities in (strategic partnerships and consolidation, with one third citing M&A or alliances as a way to gain scale in current lines. Acquiring a competitor

or merging with a peer in a familiar market brings cost efficiencies and synergies without the exposure of entering completely unfamiliar territory. As one carrier explained: "We'd rather acquire a small competitor in the same line than hire a company to run lines we don't know." ●

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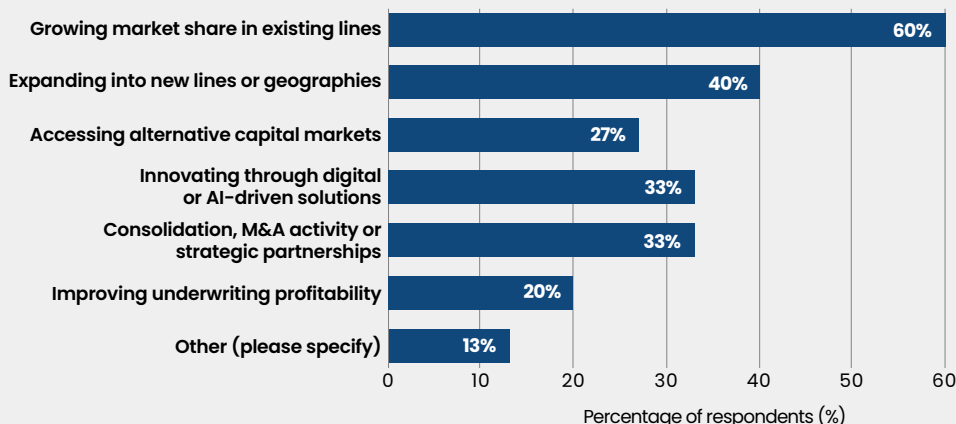
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