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BADEN-BADEN TODAY

'We cannot rest' on nat cat risk: Swiss Re's Camara calls for intense collaboration


Leopoldo Camara

THE UNIVERSE OF RISKS IS EXPANDING. From geopolitical uncertainty and cyber exposure to accelerating climate volatility, extreme events are no longer an anomaly. Swiss Re's Leopoldo Camara says more cooperation is needed to tackle these challenges – there's no room for complacency.

"This is the fifth year in a row in which insured losses from natural catastrophes have exceeded $100 billion. It's almost the norm now, and it's almost not news any more. But this, in my view, is big news," said Leopoldo Camara, head of Northern, Central and Eastern Europe of P&C Re at Swiss Re.

According to Swiss Re's latest sigma report, global insured losses from natural catastrophes in 2024 reached $137 billion, with most of that driven by "secondary" perils such as severe convective storms (SCS) in the US and major urban floods across multiple regions, alongside Canada's highest-ever natural catastrophe losses.

By 2025, that trend showed no sign of easing. "The first half of 2025 was actually the second costliest nat cat half of a year in history," Camara told *Baden-Baden Today*. "We had the LA wildfires and severe thunderstorms. The LA wildfires alone 3 ➔

UNCERTAINTY AND VOLATILITY: but reinsurers can innovate

Laurent Rousseau

REINSURERS MUST STEP UP AND INNOVATE to keep pace with the rapidly changing needs of clients in a changing world. This means embracing technology but also showing a willingness to cover new risks, such as increasingly complex supply chains, helping clients and the global economy become more resilient and shockproof.

That was the main theme discussed at the Guy Carpenter Baden-Baden Reinsurance Symposium 2025, which took place on Sunday, October 19 at the Kongresshaus, Baden-Baden. The session, 'Re/insurance strategies 4 ➔

INSIGHTS AND ANALYSIS FROM MORE LEADERS INSIDE


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Reshape the
landscape
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NAT CAT

Swiss Re calls for 'intense collaboration' on nat cat risk

←1 are generating an insured market loss in excess of $40 billion."

What stands out, he said, is the nature of those losses. "The bulk of the losses are extreme weather-related. The so-called secondary perils have become primary."

KEY POINTS:

- $100bn+ nat cat losses now 'the norm'
- Industry must act, not just absorb
- Data, not just capital, is key

'We cannot rest'

Camara said while the industry has absorbed the shocks so far, it cannot afford complacency. "The good news is that the industry – insurance and reinsurance – is withstanding. We are finding ways of dealing with this, but we cannot rest. This is a challenge that remains and continues to grow."

The answer, he insists, lies in joint effort. "We need very intense collaboration across the value chain, to address this challenge."

As an economist, Camara views nat cat-driven losses as an externality that must be internalised into everyday decision-making. "Extreme weather is an externality we need to adjust to. We can't control it, but we can internalise some of the challenge by increasing the collaboration across the value chain.

"We need to get better at deciding where to build, how to build, how to contain losses, how to prevent them, how to insure, how to know the risk and how to reinsure. Building code designers, fire brigades, officials planning building land zones, modellers, insurers, reinsurers – together we are more effective."

These, he says, are essential agenda items for Baden-Baden 2025 – a focus not only on renewals but on "how we address the extreme weather challenge in a sustainable way".

Lessons from Europe and beyond

Camara's region stretches from Northern Europe, across Germany to Central and Eastern Europe, markets that have all felt the sting of floods, hail and storm losses. "Last year, we had a big event affecting Eastern Europe. It generated very significant losses," he said, referring to floods associated with Storm Boris, which hit Austria, the Czech Republic, Germany and Poland.

"Insurers and reinsurers have paid losses, but we've also seen that a good number of mitigation measures took place in the countries affected," he said. "Austria, the Czech Republic, Hungary and Poland have developed and implemented technology that has helped contain losses. On the back of very severe events in the last 20 years, these technologies have shown that they work."

He believes such examples are replicable. "In Europe, and globally, there is a great opportunity to learn from experience and from initiatives that have been taken in other places, and think through whether they apply in a relevant country where maybe that kind of investment has not been done."

Collaboration, he stressed, must stretch beyond the sector itself. "When we speak about collaboration, we also mean collaboration not just between insurers and reinsurers and brokers who meet in Baden-Baden, but also governments and communities."

Prevention, in his view, works at every scale. "The nice example is the flood tunnel that was recently constructed and finalised in Switzerland (Sihl flood relief tunnel, near Zurich). That's a big investment, of course, in excess of €150 million. But you can also have small-scale mitigation that can be very effective, like building a little wall ten metres away from your cellar, where a river might come by and overflow every ten years," he said.

> "Collaboration needed between insurers, reinsurers, brokers, governments and communities."

Learning in all directions

If physical defences are one pillar of adaptation, information is the other. "As we take risks, we need to make sure that we have a good grasp of the risk, and that requires everywhere location intelligence," Camara said. Two decades ago, "we were struggling to get zip codes half way right for big locations". Now, "you can be incredibly precise in determining the location, but also the height of a building and its location, and measure its exposure to flood risks in a very accurate way".

But precision still needs sound values. "We also need to have proper evaluations," he said. "We've seen in recent events that sometimes there have been surprises in terms of the values that were actually in play. A good example of this is what happened in Italy a couple of years ago, when a hail event generated losses that exceeded everyone's expectations because of solar panel installations and insulation that had not been really fully registered by the industry."

Models, too, must be challenged. "It's very useful to look at the variety of model outputs to form a view of the likelihood and shape of events, and all of us need to constantly ask ourselves 'what are we missing?'" Learning, he added, "goes in all directions. Events are always horrible, but they are also an opportunity to learn".

That mindset shift is also changing how reinsurers work with clients. Camara said Swiss Re is investing in solutions that go beyond traditional risk transfer. "We have solutions that can relate to data and data intelligence, modelling and analytics," he explained. "We also have colleagues who work on public-sector solutions, so we're happy to be part of innovation and development that sometimes involves not just a client, but also a municipality or a government, to develop insurance concepts that help all of us address the challenge better."

Ultimately, the goal is not just to share risk, but to reduce it. Camara said that balance between innovation and underwriting discipline will define the upcoming renewals. "The challenges of last year have not gone away. They're similar, and our risk appetite hasn't changed either. So our responses to the same question are likely to be similar."

He concluded that the industry needs deeper, not faster, change. "To address extreme weather, shifting high-frequency layers between insurance companies and reinsurance, that's not really addressing the challenge in a sustainable way," he warned.

"We need to find ways to combine all the elements in the value chain to develop better, resilient answers to the question: how do we address the extreme weather challenge?" ●

Leopoldo Camara is head of P&C reinsurance for Northern, Central and Eastern Europe at Swiss Re.

RISKS

Reinsurers can innovate as risks evolve

KEY POINTS:

- World is more risky and complex
- This means opportunity for reinsurers
- Innovation and technology will be key

Panel (L-R): Tanguy Touffut, Amy Barnes, Clemens Jungsthöfel, Penny Seach and Laurent Rousseau

and opportunities in a fragmenting world', featured speakers including Clemens Jungsthöfel, chief executive and member of the executive board, Hannover Re; Penny Seach, group chief underwriting officer, Zurich Insurance; Tanguy Touffut, co-founder and chief executive, Descartes Underwriting; Laurent Rousseau, chief executive of EMEA & Global Capital Solutions, Guy Carpenter and Amy Barnes, global head of energy and power, Marsh.

Rousseau set the scene by describing the logic behind the session's theme. He explained the world is increasingly fragmented and that new risks are emerging. But the industry must find ways to bring clients solutions That can and should mean embracing technology – but also growing its capital base, which he estimated at $649 billion in 2025, of which $114 billion is alternative capital – up from $607 billion in 2024 and $568 billion in 2023.

But the capital base has not increased that much in the context of the global economy, he said, also noting reinsurers' share of nat cat losses has been falling since the industry reset two years ago and attachment points increased. "Reinsurers must step up and fully share their fortunes with clients," he said. "The issue becomes one of relevance."

New risks, new solutions

Barnes from Marsh offered context by illustrating the extent of global disruption through several revealing statistics. Leaning on the Oliver Wyman Forum's 'State of our world' report, published this year, she described how 49% of global economies have a shrinking workforce, 76% of employers report changing job descriptions due to AI disruption and 97% of organisations are using AI as a lever for transformation. Yet she also noted how only 17% of these firms say their investments have exceeded expectations, and that 56% of CEOs do not make it to five years in their roles.

Against this backdrop, she also described the growing risks incumbent in supply chains, as the world increasingly relies on China leading to increasingly complex vulnerabilities. She also stressed that while insurers tend to focus on damage to assets, risks are taking new forms, including from shortages of raw materials, including water, in some countries.

"Supply chains need rewiring; CEOs must regain control of risks they never knew they had," she said. "As we experience more severe weather around the world, risks are also becoming more concentrated. The industry must respond and help clients manage these risks," she said.

Seach moved the conversation on by praising the industry for its reset in recent years – and a renewed focus on underwriting. But she also argued that the change must only represent the start in a world that is moving fast, with new risks emerging all the time.

"The past few years have tested the resilience of the industry – we have endured great volatility and evolving risk behaviours. We have seen a big correction – we reset prices, rebuilt portfolios and reset discipline. There has been a recalibration but for the first time in a long time, underwriting is at heart of strategy conversations again.

"The reset was necessary. But it can only be the start. The world is moving fast: we are seeing new risks, new data and new expectations. The question is not can we adapt, it is whether we can lead the change. We are at an inflection point – we have strong financials but are also operating in a rapidly changing risk landscape.

"We are already under pressure in some areas. There is new capacity; some players may be tempted to pursue growth at any cost. But we know how that movie ends. We must not chase volume, we must chase value. We need to be able to withstand the next inevitable shock. Now is the time for precision. The risk landscape is fast and fluid but full of opportunity. Clients come to us for clarity – underwriting excellence will be the competitive differentiator."

Innovation and technology

Touffut discussed the growing opportunity in parametric solutions, describing how they can help solve some of the huge challenges facing the industry. "Overall, it can be a win-win for the insured, insurer and reinsurer," he said. "It can bridge the tech and insurance worlds and build greater resilience through innovation."

He also described some innovative reinsurance strategies he anticipates emerging in a tech-disrupted world. One might be a new generation of industry loss warranties (ILWs), based on portfolio losses from nat cat events, especially secondary perils. Another could be the use of parametric reinsurance covers that can estimate and pay out on cedant losses based on vendor models. "A more uncertain and unpredictable world requires a stronger reinsurance industry – but technology adoption will be key," he said.

Hannover Re's Jungsthöfel also described the growing uncertainty, volatility and complexity in the world – but was positive on the industry's ability to deal with that. He described a growing protection gap on many fronts and the opportunity this offers. He said the industry is very capable of adapting and dealing with the challenges. He called reinsurers "well-prepared optimists" adding: "If there was no uncertainty in the world, we would be out of a job. Reinsurance is even more important as uncertainty in the world grows."

CAPITAL

Diverse capital solutions in focus at 1/1

As ILS moves from niche to core in EMEA, Aon's Tomas Novotny expects that, amid strong profitability for reinsurers, a growing range of capital opportunities will make the approaching renewals fiercely competitive.

ILS and alternative capital solutions have decisively stepped into the European reinsurance renewals conversation. No longer just supplementary layers for specific structures, their presence is now influencing how buyers and investors think about risk transfer.

Tomas Novotny, EMEA chief executive officer at Aon's Reinsurance Solutions told *Baden-Baden Today* the shift was more than tactical. "As an example, for many years ILS has been one of the core parts of Aon's capital proposition to our clients in US," he said.

"This trend is now extending firmly into EMEA and is becoming an important part of capital optimization strategies along with other forms of risk transfer.".

For buyers, ILS solutions have offered capacity opportunities at times when traditional capital has been less keen to deploy but have now established their own position in the market as a core component of more cedents' capital optimization strategies.

Across Europe and beyond, reinsurers are entering the new cycle from a position of strength. According to Novotny, profitability in the current market is undeniable. He noted that "the reinsurance market in EMEA and more globally is very profitable", a situation that is encouraging carriers to stretch their risk appetite.

That confidence will continue to grow. "I see the current trend actually intensifying towards the January 2026 renewals," Novotny said, pointing to a calm hurricane season and the notable resilience even when medium-level loss events emerge.

"A $40 billion insured loss actually does very little to the profitability of the reinsurers," he said. In his view, this illustrates a structural shift where reinsurers are no longer suffering after moderate losses but instead positioning to write more premium at hard market pricing.

KEY POINTS:

- **ILS becomes core proposition**
- **Reinsurance capacity floods back in**
- **Profitability fuels risk appetite**

With that mindset, clients preparing for renewal are expected to be assertive. Novotny observed that buyers "will be demanding rate decreases" and offering "more ceded limits, so more ceded capacity in terms of the volatility, but also in the tail".

Aon will be at the centre of this dynamic, where the role of ILS and other capital options become more strategic. Although pricing parity between traditional reinsurance and ILS structures is not always straightforward in Europe, Novotny related that "we have very successfully introduced several ILS deals in EMEA in the past few years."

> "We have very successfully introduced several ILS deals in EMEA as part of a broader capital strategy."

He explained that buying motivations varied between purely price-driven ones, and those where "the strategy to de-risk from traditional ventures", and diversification, were the key aims.

When asked which market segments offered the most opportunity, Novotny did not hesitate: "Catastrophe reinsurance still dominates." Describing it as "the largest reinsurance product", he stressed that both buyers and sellers saw value in this area.

Buyers, he says, have an opportunity "to obtain more value in the current market dynamics out of the catastrophe reinsurance product", while for carriers the chance to write more business in a hard market pricing cycle remains attractive. Cat business, it's implied, remains the heartbeat of reinsurance relevance in Europe.

Technology, meanwhile, is reshaping processes rather than fundamentals, and Novotny is pragmatic about its pace. "The impact of AI and tech generally in our business is more evolutionary than a revolution," he said.

Although the core dynamics of risk transfer won't change overnight, Novotny has already observed clear efficiency gains within Aon, suggesting that smarter workflows will ultimately translate into even better client delivery, faster analytics and improved placement visibility.

One dynamic he is especially keen to highlight is the rise of European state-backed initiatives to tackle the insurance protection gap. He pointed to activity in Italy, Germany and Greece, and said Aon was "very actively participating in all these initiatives" and proud to use its capabilities to bring unprotected risk and available capital closer together.

As the market anticipates the January 2026 reinsurance renewals, Novotny's closing sentiment is focused on client value: "I am looking forward to supporting our clients through this very dynamic renewal season, and helping to drive better risk management decisions on their behalf," he said.

Aon's mission, he added, is to extract the maximum benefit from the shifting market for its clients. With abundant capital opportunities, and new public-private frameworks emerging, the coming cycle promises intensity, competition and opportunity in equal measure.

Tomas Novotny is the EMEA chief executive officer at Aon's Reinsurance Solutions. He can be reached at: tomas.novotny@aon.com

MARKET

Munich Re marks new growth frontiers

KEY POINTS:

- Reinsurance demand stays hot
- Europe faces rising claims
- Cyber as the next growth goldmine

Reinsurance appetite shows no sign of cooling despite economic strain and climate chaos, with disciplined risk-sharing keeping the market tight. But the real frontier, Munich Re says, lies in cyber, where soaring threats and rising awareness could ignite the industry's next big growth wave.

"We see increased geopolitical tensions and fundamentally changing trade flows," said Clarisse Kopff, member of the board of management at Munich Re, speaking at the reinsurer's Baden-Baden breakfast briefing.

"This may pose significant challenges through disruptions in the supply chain and threats of resuming inflation... and this will likely reach Europe. This is likely to trickle into higher claims costs across lines of business."

Kopff pointed to a worrying uptick in secondary perils, hail, floods and convective storms, now forming a greater share of loss totals, especially across Italy, Germany, France and Eastern Europe. "Nat cat losses regularly exceed the €100 billion level worldwide, sometimes even getting closer to €150 billion," she noted. While recent months have been calmer, claims severity "has consistently increased" due to urbanisation, rising asset values and climate change, she added.

Despite the turbulence, Munich Re's outlook for the upcoming renewal season is resolute: demand remains high, pricing is stable and capacity is available, but only on sustainable terms. "Demand for reinsurance has been consistently above GDP growth and is expected to remain so in the coming years," Kopff said. "Supply is there also... and as traditional reinsurance offers flexible and easy-to-use capacity, we are well placed to serve that growing demand in Europe."

> "Making a broad-brush statement about whether it's underpriced is challenging."
>
> Clarisse Kopff, Munich Re

When asked whether the market was weakening, Kopff was clear: competition is returning, but discipline stands. "Prices will be a discussion point," she said, "Although the year is not finished yet because we still have potential climate events in front of us. We consider the market is still priced adequately, if not attractively, and are ready to deploy more capital if terms and conditions are sustainable."

Still, Munich Re expects reinsurers to share risk sensibly with cedants. "Frequency should first and foremost be managed by primary insurance," said Claudia Strametz, chief executive Germany, cyber Europe & LatAm, NewRe, MR of Malta, German Pharma Pool at Munich Re. "A good balance between the risk-taking of cedants and reinsurance risk-taking is key."

That same balance, Strametz argued, will be crucial in cyber, one of the industry's greatest growth frontiers. "The protection gap is significantly wider than it is for natural catastrophe insurance," she said. "Estimates suggest that less than 5%, and possibly as little as 1%, of cyber risks are currently insured." Despite having grown into a €15 billion global market, cyber insurance still represents less than 1% of global P&C premiums, she added, calling the shortfall "a critical societal responsibility".

Europe, where penetration lags the US, holds both challenge and opportunity. Strametz said the European cyber market generates around €3 billion in premiums, just 21% of the global total. "Closing this protection gap and strengthening cyber resilience is therefore not just a strategic imperative for the insurance industry," she said. "It's a critical societal responsibility."

To unlock this potential, she argued, the market must "proactively market and actively sell cyber insurance solutions," simplify products and educate clients on the risks and value of protection. "Delivering risk management services, helping customers monitor threats, understand vulnerabilities and mitigate risk is crucial," Strametz said.

NEWS

Global nat cat losses tumble to lowest in years in rare calm quarter

Global natural catastrophe losses plunged below the decade average as an "uncharacteristically calm" third quarter spared insurers from the kind of multi billion-dollar hits that usually define the season, according to Gallagher Re's latest report.

"The abnormally low frequency of high-cost events has, thus far, left the year well within annual catastrophe budgets for governments and the insurance industry," analysts wrote in a Q3 overview.

Preliminary global insured losses hit $105 billion in the first nine months of 2025, 8% lower than the 2015–2024 average of $114 billion and the lowest total since 2019, according to Gallagher Re. The third quarter alone produced less than $15 billion in insured losses, one of the cheapest Q3s this century.

Analysts said 2025 remained a "top-heavy" year, with the five costliest events, two major January wildfires in California and three US severe convective storm (SCS) outbreaks, accounting for more than half of global insured losses.

The US dominated the toll with $90 billion, while non-US losses sank to just $15 billion, the lowest in nearly two decades.

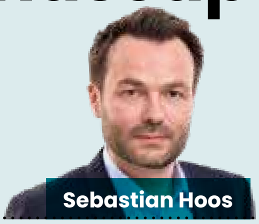
When isolating weather and climate-related events, insured losses totalled $102 billion, 7% below the decadal norm. Gallagher Re analysts said Q3 losses are "on track to being among the lowest recorded this century".

NAT CAT

Germany faces shifting nat cat landscape

Flood-driven risk is reshaping Germany's market, and Deutsche Rück believes deep modelling and careful risk assessment will sustain capacity.


Caren Büning


Sebastian Hoos

Climate change is no longer a future challenge – it is happening now. It brings both risks and opportunities, and Deutsche Rück addresses it with a disciplined, long-term approach. Profitability, decades of modelling expertise, and trust-based partnerships form the foundation for our sustainable, risk-adequate underwriting, said Caren Büning, executive board member and CUO of Deutsche Rück. "Short-term capacity may look appealing, but it is not sustainable and most often not geared toward long-term stability."

"Volatility has become the norm – whether driven by climate events, geopolitical shifts, or economic uncertainties," she said. Büning believes this fundamental shift requires more than capital: it calls for technical credibility, modelling depth, and long-term risk assessment.

Together with Sebastian Hoos, market head Germany, Büning told *Baden-Baden Today* that climate change, soaring claims, and debates over mandatory nat cat cover for homeowners are rapidly reshaping German risk portfolios. The recently higher market capacity meets a corresponding rise in demand.

"From an insurance perspective, Germany is gradually shifting from a storm-peril-dominated to a flood-peril-dominated market," Hoos noted. The impacts of climate change are already evident. Hydrological processes are intensifying due to higher temperature and atmospheric moisture, while the infamous Vb weather systems, or Genoa lows, now trigger heavier rain and flooding in a warmer atmosphere. Warm seas are driving damage north into Eastern Europe and Germany – where Deutsche Rück faces its greatest exposure.

At the same time, Germany's protection gap remains comparatively high. As Germany considers for homeowners insurance a mandatory nationwide nat cat and climate risk solution including adaptation measures, Deutsche Rück believes that "elements of European best practices in public-private insurance solutions could also serve as a model for Germany," referencing UK-style opt-out system Flood Re.

Working closely with clients on Solvency II impacts, optimising reinsurance structures for expanded nat cat coverage, and developing public-private solutions remains crucial. Prevention and adaptation, Büning emphasised, are key to avoiding expensive premiums – they are "a linchpin in ensuring that losses from natural disasters and insurance premiums remain manageable."

KEY POINTS:

- Capacity growth meets increased demand
- Public insurer roots drive credibility
- Flood replacing storm as key peril

Deutsche Rück's approach combines cutting-edge models, research investments, and collaboration with other external stakeholders. "Each update to our risk models must reflect climate change," Hoos said. "It's not a sudden shift, but rather a gradual transition in which key parameters evolve year by year." This calls for constant vigilance and adaptability – areas in which Deutsche Rück excels, thanks to its comprehensive modelling of natural hazards in Germany.

> "Our priorities are stability, reliability and enduring partnerships."
>
> Caren Büning

"We have developed proprietary models covering winter and summer storms, floods, and earthquakes." Supported by decades of homeowners' insurance data, these models are continuously refined. They give Deutsche Rück a clear edge in the German market, Hoos said, compared to competitors that depend on third-party models.

"Managing natural catastrophe risks carefully, while continuously expanding our knowledge and tools, has been deeply rooted in our DNA since our founding in 1951," Büning added. In international markets where data quality is more limited, our profound experience enables us to critically assess external vendor models and incorporate our own risk perspective into pricing."

"We have systematically expanded our international activities, with a particular focus on the Middle East, Asia, and Latin America," Büning continued. But growth is not the goal. Diversification supports efficient capital use but is no substitute for profitability. "We are not driven by growth for its own sake," she said.

"Our underwriting strategy balances sustainable growth, capital efficiency, and economic value through consistent underwriting and risk management," Büning explained. This deliberate approach contrasts with market players chasing volume or reacting to capital cycles.

The same philosophy applies to retention. "Stable levels since 2023 point to a healthier, more technically balanced relationship between reinsurers and cedants, helping to avoid costly money-changing business – although inflation has partly offset these effects," Hoos said.

Deutsche Rück sees its founding mission with public insurers also as a platform for innovation. The public insurers have established a natural catastrophe pool through Deutsche Rück. This concept generates additional, cost-efficient reinsurance capacity within the public insurers, reinforcing long-term and independent financial stability.

As Büning summarised: "Our priorities are stability, reliability, and enduring partnerships." In a market where climate volatility and ongoing uncertainties are reshaping every renewal, Deutsche Rück believes that long-term relationships and technical resilience – not scale – will define the next era of European reinsurance.

Caren Büning is an executive board member of Deutsche Rück and chief underwriting officer. She can be reached at: caren.buening@deutscherueck.de

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PROPERTY/CASUALTY

Market balancing risk and reach

KEY POINTS:

- Uncertainty lingers, but capital flows
- Reinsurers demand data-proven stories
- New entrants energise global capacity

Dave Egan

> "It's been a long time since we've seen so many new players in the casualty space, and that's an exciting combination."
>
> Mathieu Loisel

Despite the persistent fog of uncertainty, reinsurance capacity is flowing. That mix, according to Gallagher Re's property and casualty practice leaders, is creating one of the most dynamic renewal seasons in recent memory.

Speaking to *Baden-Baden Today*, Dave Egan, head of international property practice group, and Mathieu Loisel, head of international casualty practice group, said the current environment allows both cedants and reinsurers to rethink how they structure protection and deploy capital.

"It's a very interesting combination this year," said Loisel. "There's persistent uncertainty surrounding the whole market, but at the same time a very healthy inflow of reinsurance capacity, both from existing supporters – many of whom have growth aspirations – and from new entrants. It's been a long time since we've seen so many new players, and that's an exciting combination."

Egan echoed that optimism on the property side. "It's a positive and healthy market," he said. "There's a lot of capital to help our clients, and the supply is more than able to meet cedants' demands. That means we can really focus on how clients want to protect themselves — how they manage volatility, retentions and exposures. It's an exciting market to work in."

Property: less dogmatic reinsurers

While rate softening is evident in parts of the property market, Egan said the dynamic has shifted from "holding the line" to a more nuanced dialogue between reinsurers and clients.

"This year reinsurers are less dogmatic. If we can convey the right story and provide the right data, they are willing to listen."

He said reinsurers were increasingly open to a mix of excess-of-loss, aggregate, and structured products, depending on how cedants manage earnings volatility.

Egan added that despite a difficult start to the year with wildfires, catastrophe losses are running below budget. "Q1 was bad with the wildfires, but if we look at half-year and Q3 numbers, reinsurers are now seeing nat cat losses below historic averages," he said. "That means they're sitting on what looks like another very good year, particularly those with diversified portfolios."

Climate-related volatility, he said, continues to drive demand for frequency and aggregate protections. "Climate change isn't a short-term phenomenon. It increases volatility, and that's where we can help clients manage their risk," Egan explained. "We're building models to understand secondary perils – hail, flood, convective storms – to improve how clients quantify and transfer that risk."

He also pointed to emerging regulatory changes such as Italy's new law mandating earthquake, landslide and flood insurance for all enterprises. "That's been an exciting task for our modelling and actuarial teams," he said. "We're working closely with clients to understand exposures and reinsurance needs as the regulation phases in through this year."

Casualty: social inflation, but steady confidence

On the casualty side, Loisel said two forces dominate pricing and capacity: US exposure and data quality. "Reinsurers remain very sensitive to US exposures," he said. "At the same time, there's been an intensified focus on transparency and data. It's not enough to tell a good underwriting story – you have to data-prove it. If you do, you can get healthy support and better terms."

Social inflation and "nuclear verdicts" in the US, he added, have already influenced underwriting discipline internationally, though the European context remains different. "Yes, we've seen US-style claims creeping into international casualty markets, but Europe has strong mitigating factors," he said. "We're mostly under coded law, not common law. Collective redress and product-liability directives create uncertainty, but they come with established legal frameworks. We're attentive, not panicking."

Loisel stressed that capacity remains robust. "If Europe were facing a US-type situation, we wouldn't have all this capacity coming in," he said.

Climate-related litigation is also on reinsurers' radar. "If you think of climate change and litigation, you instantly see financial lines — D&O exposures," Loisel said. "But you can also imagine motor third-party liabilities losses arising from wildfires caused by cars. At the moment, the market is well-placed to absorb those. In the long term, though, climate will clearly reshape several classes of business."

He also cited evolving EU directives on collective redress, product liability and motor ("use of a vehicle" definition) as crucial to watch. "What matters most is how these directives translate into national laws," he noted. "Thinking global but acting local is essential."

Emerging themes: AI, new risk classes

Both executives highlighted artificial intelligence as both a tool and a source of new risk. Loisel said AI "augments" rather than replaces underwriting and broking. "Before smart use of AI comes data federation," he said.

Egan agreed: "AI should do the heavy lifting, pulling through loss and peril data, so we can focus on client-specific advice. It's there to augment, not replace, our role."

RENEWALS

Partnership over price at all times

Arundo Re says partnership will define 1/1 renewals, and flexibility comes only with transparency and discipline.

In a market buffeted by climate change, inflation and volatility, Arundo Re is doubling down on precision. "We price by exposure, not only by burning cost or experience rating," said deputy CEO Laurent Montador. The company's approach is grounded in data, analytics and partnership; three tools Montador believes will define this renewal season.

"It's very much about the value of partnership," Montador told *Baden-Baden Today*. "Through a real partnership with clients, you can leverage reasonable softening and accompany them in the long term."

"Clients are waiting for decreases and for softening," he added, while insisting renewal discussions must move beyond price towards something more durable. In a market still managing last year's oversupply of capacity, long-term alliances backed by transparency and discipline will matter more than price positioning.

> "Creating an environment of alliances and partnerships is very important."

"We'll certainly work on the quotes we put forward, but getting the structure right matters most," Montador said. He is clear that Arundo Re's partnership model is not about fleeting negotiation but shared resilience. "We could be flexible with our partners, strong partners," he noted, signalling a reward for clients who come prepared to engage on data quality, risk clarity and strategic alignment with an across-the-board philosophy.

Montador wants to avoid a repeat of what he calls "large aggregate cover multi-period with many unknowns that were not priced before". The market, he says, must now price what is "insufficiently known".

KEY POINTS:

- Data clarity unlocks capacity
- Softening but structural discipline
- Volatility pricing needs clear calibration

"On the primary rates, particularly around emerging risks such as cyber, they are decreasing, which is for so many unknowns," he observed. This is where partnership becomes more than messaging. Montador wants to see ecosystems built between cedants, regional insurers, brokers and niche underwriters.

"Creating an environment of alliances and partnerships is very important," he said, especially in what he describes as a more fragmented market landscape.

As 1/1 approaches, Montador acknowledged softening is both expected and, within limits, acceptable. "Single digit is possible, but clearly it is difficult to understand double digits," he mentioned. Any significant reduction, he said, must be backed by "clarity in data and transparency".

Appetite for share growth exists, but well adapted where primary rate adequacy and underwriting discipline are evident. Climate change remains a major factor shaping pricing logic and Montador stressed secondary perils and correlation effects must not be underestimated.

Volatility, he warned, is not confined to lower layers. "One big event could change the perspective of the profitability of the market." Arundo Re is pricing by exposure, not just by historic loss rating, and that is where modernisation and data strategy come in. "We are very data-driven," Montador added. He wants address-level granularity, inflation-adjusted inputs and improved calibration across markets such as France and Germany where data maturity varies.

The company is also investing in AI and cloud infrastructure, not just for modelling but to change workflows and increase the efficiency of internal capacity allocation. Despite all the talk of softer conditions, Montador pushes back on the idea of a broad market easing. "It's not a broad softening as it may also be hardening in specific cases," he said, citing casualty and political violence risks. He described a rising "atmosphere of unhappiness of the population" which increases SRCC sensitivity, particularly in European markets where state-backed schemes are being discussed.

For Arundo Re, the priority is capital strength and long-term positioning. "We are not seeking the top line for the top line," Montador stated. Instead, bottom-line discipline and strategic continuity trump volume. He believes 2025 will be a profitable year but warned: "If the volatility absorption from reinsurance is overused, it will be at the benefit of volatility in the reinsurance premium."

> "One big event could change the perspective of the profitability of the market."

He urges the market to avoid an abrupt shift that restarts the cycle in damaging fashion. But his final message for brokers and cedants returning to Baden-Baden is optimistic: "We are open to discussions," he said, but stressed that flexibility came with an expectation that profitability has to be maintained on both sides.

Partnership, for Arundo Re, is not a slogan; it is a contract of mutual discipline, modernised insight and a willingness to engage for more than one renewal.

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

NAT CAT

Hannover Re ready for more nat cat

KEY POINTS:

- Demand for nat cat cover to rise
- Urbanisation, inflation lift exposure
- Climate change boosts cedant needs

“There will be pockets where we will see softening, most likely on the property cat-related side.”

Sven Althoff, Hannover Re

Hannover Re has continuing appetite for property cat reinsurance, despite an ongoing softening in the sector with no sight of a quick reversal in the pricing story, Sven Althoff, an executive board member of Hannover Re, has said.

“Structurally, we have the risk appetite to further grow our position in the market on the natural catastrophe side and we can expect more demand for the product,” Althoff said during the group’s annual investor day.

Exposure growth, including chiefly through urbanisation, plus replacement cost inflation, climate change and evolving risk patterns, all remain forcibly on hand to push the pace of cedant demand, he said of demand-side drivers.

The segment now stands as “a class of business we are able to manage and steer” for strong technical margins through the cycle, albeit not guaranteed in any single earnings period.

Hannover Re is highly satisfied with its work over recent years to improve diversification in its nat cat exposures, chiefly via geographical diversification, creating a situation in which adding nat cat need not deliver a proportional gain in earnings volatility. Strong retrocession compounds the protection.

“We have appetite for further growth, without significantly changing the volatility profile,” Althoff said of the path forward.

The call-out on property cat in the growth outlook comes as the segment is more than likely to see further rate softening in the coming periods.

“For 2026 from a trading environment point of view, we are expecting a broadly similar situation as we have found in 2025,” Althoff told analysts. “There will be pockets where we will see softening, most likely on the property cat-related side.”

For “the most part of our business”, Althoff expects pricing “will remain at an adequate level and allow us to produce good profitability”.

Beyond the call-out for nat cat, Althoff demurred on specific growth targets, largely preferring to confirm Hannover Re’s view to long-term growth rates through the cycle than to hang his hat on given numbers for a year in which the cycle clearly turns.

ILS

Crafting the missing piece in ILS build-out: sidecar

Hannover Re will add sidecars to its arsenal of ILS market tools as it gives form to a new ILS and capital markets unit, board member Silke Sehm has said.

“There is one missing piece for us,” Sehm, point person for ILS solutions, told her company’s latest investor day soiree of an ILS offer she calls “market leader” across “most” market tools. The missing piece: “some sort of sidecar”.

“We are currently in the process of setting up such a sidecar,” she said of an early endeavour under way at infant group ILS unit Hannover Re Capital Partners.

Nat cat is the obvious focus: a match for the ILS market centrepiece and Hannover Re’s own appetite.

“We write the nat cat business anyhow; we assess it, model it, underwrite it and take the volatility to our own balance sheet,” Sehm said of the state of play at launch.

On its own balance sheet, Hannover Re remains underweight in natural catastrophe vis-a-vis the group’s market share across its full product range, officials admitted of a portion of the rationale behind the ongoing appetite for the softening business class.

“We are currently in the process of setting up such a sidecar.”

“We have the appetite to even write more on our own balance sheet,” Sehm said. “But we can also add an extra portion on, transferring it on to the capital market as we do with all our other ILS activity.”

Hannover Re Capital Partners came to life in Bermuda in recent months with an eye to centring the group’s ILS forays. Investors are already said to be lining up.

Sven Althoff, her fellow executive board member, told *Baden-Baden Today* in a recent interview that he sees the ILS and cat bond market to continue to be attractive for investors, even though cat bond rates have declined and terms and conditions have become more flexible. “These lower rates are increasingly appealing to issuers, as reflected in the strong market activity observed this year,” he said.

REINSURANCE

Price for risk, not the competition

Despite talk of "softening", prices remain risk-adequate, and capacity will only move where data and the price for risks ceded justify it, says VIG Re's chief business officer Stephan Wirz.

"The softening or rather case-by-case price recalibrations some people refer to is only relative to the historical highs around 2023," Wirz told *Baden-Baden Today*. "Overall prices are still solid, and the industry consensus is clear that disciplined underwriting remains necessary."

VIG Re is taking the same stance into renewals. "We'll be very disciplined in underwriting," he said. "We'll honour clients who provide good transparency; accurate data means an accurate price. Capacity is available; we can deploy even more capacity, but only where the price is risk adequate."

Risk-adequate pricing a necessity

The term "risk-adequate" threads through Wirz's thinking on nearly every issue, from client relations to the capital cycle. "To have risk-adequate prices is a necessity on all fronts," he explained. "It's not just a reinsurance issue. Primary insurers and their customers also need to understand the value of risk transfer and be prepared to pay an appropriate price."

He warned that when coverage is underpriced, society ultimately bears the cost. "If you have limits for flood protection in, for example, Slovenia or Austria somewhere around €3,000 to €8,000, that's simply not sufficient to provide a meaningful protection for owners of residential homes," he said. "The same applies to reinsurance. We can only provide meaningful cover if everyone along the value chain understands the true cost of risk and is willing to provide sufficient risk protection for a risk adequate price."

That realism also extends to the capital market. Wirz said new money hasn't piled into the sector because a decade of sub-par returns dented investor confidence. Two good years (2023–24) aren't yet a long enough track record to reverse that. "Investors are not convinced that we as an industry can deliver the required or the expected returns on equity," he argued.

Wirz also pushed back on the "abundant" narrative of capacity. He said: "Traditional capacity hasn't changed dramatically, maybe around 22% more since 2015, about 2.2% per year."

KEY POINTS:

- Industry aligned on disciplined underwriting
- Capacity is where the price is risk-adequate
- Long-term partnerships over quick deals

"Alternative capital has grown a bit more, through collateralised reinsurance and cat bonds, but not in infinite amounts," he added.

That measured reality is reflected in the discussions taking shape in Baden-Baden. "Baden-Baden is closer to the renewal, so we're already talking concrete treaty details, capacity, pricing, scope of cover, exclusions. In some markets, like Germany, discussions are well under way; in others, like Central Eastern Europe, not a single submission has arrived yet."

> "We can deploy more capacity, but only where the price is risk-adequate."

The differing pace across markets highlights differing stages of readiness, but Wirz doesn't foresee dramatic changes in structure largely anywhere. "Most programmes are adequate for the risks we're taking. There's sufficient retention and skin in the game from the primary insurers. We want to protect balance sheets, not annual earnings."

For VIG Re, focus on pricing at a technical level with "mutual transparency" with partners remains of the utmost importance. "We write business we have a solid understanding of; this is not something that happens overnight. Renewal is the pinnacle of year-long dialogue," Wirz said.

"We're focused on long-term relationships and finding solutions, not just closing transactions," he added. "Clients are not only interested in getting a great deal this year, they're interested in a sustainable partnership."

That shared mindset, Wirz believes, extends across much of the industry. "There's good alignment between reinsurers – all pointing in the same direction of discipline," he noted. "Of course, it's the nature of the business that this will always be discussed, but we've learned the importance of sustainable business over quick deals."

'Everybody needs to make money'

Ultimately, Wirz's message heading into Baden-Baden is pragmatic rather than cautious. "Let's not fool ourselves – everybody needs to make money. Primary insurers, reinsurers and brokers alike," he said. "To achieve that in today's world of geopolitical, economic and climate uncertainties, we need disciplined underwriting."

He points to a widening landscape of conflict, macroeconomic volatility and evolving climate patterns. "With so many uncertainties, it becomes harder to make adequate returns on investment," he said. "That makes underwriting profits even more important."

Looking ahead, Wirz believes the industry's resilience will rest on collaboration and relevance. "We can't solve every uncertainty, but we can work together to stay relevant," he said. "That means offering stable, meaningful products and services. Even in mature markets such as Italy, earthquake insurance penetration for residential homes is only around 6%. Closing such protection gaps is part of making society more resilient." ●

Stephan Wirz is the chief business officer and member of the management board at VIG Re. He can be contacted at: info@vig-re.com

CASUALTY

Cautiously optimistic in casualty re

KEY POINTS:

- Brit prepared to grow in casualty re
- Selective, disciplined expansion
- Cycle management is critical

“Casualty reinsurance has been on the naughty step for a few years now. But there are cautious signs of optimism.”

Brit Insurance is prepared to lean into casualty reinsurance, with eyes wide open to social inflation, US “nuclear verdicts” and disciplined cycle management, Simon Bird, group executive underwriter, told *Baden-Baden Today*.

“We are prepared to grow in casualty reinsurance,” he said. “Of course, casualty reinsurance has been on the naughty step for a few years now, primarily US casualty where bodily injury is concerned. We have been seeing double-digit rate growth in areas like excess casualty now for two to three years, coupled with increased underwriting discipline so there are cautious signs of optimism.”

Bird noted that the expansion will be selective and disciplined, while continuing to build in cyber, commercial property and property reinsurance. “We are focused on several areas for profitable growth,” he said. “Although commercial property is facing headwinds in certain areas, there are some reasonable opportunities. We have a robust risk appetite and can turn around proposals quickly. Carriers offering a quick service tend to see more business, which allows them to choose from a larger pool of risks.”

Cyber remains a priority, but not at the expense of rate adequacy. “Cyber is a class that we have appetite to build out further… the market needs to be mindful about conceding too much in terms of price… we cannot go on reducing rates constantly, either.” Property reinsurance, Bird added, “is a core class for Brit and we hope to continue growing, if conditions permit.”

Growth in casualty does not mean complacency about US legal volatility. Brit limits concentrations and remains highly selective by jurisdiction and sector. Bird said: “We are watching certain classes that are prone to US nuclear verdicts e.g. trucking and healthcare, particularly in states with tougher legal jurisdictions. We do not wish to be overly exposed in areas we perceive to have higher-than- average volatility.”

On macro risks, he is pragmatic. “Social inflation has always been present, particularly in the casualty space because there’s always been a tendency for awards to rise faster than normal commercial price indexes in any territory given both legal and medical inflation.”

“Geopolitical instability has become a staple part of life now… and supply chain fragility remains a factor whether due to cyberattacks, political instability or tariffs,” he added.

As for ILS in casualty, Bird said it is not a “major subject” for Brit, arguing that “long-tail losses are often unsuitable for alternative capital. ILS needs to realise an exit sooner rather than later… they have got to find someone else who’s going to take on the tail excess of three or five years. This creates uncertainty in execution,” and responsibility for ultimate claims.

Partnerships matter most. Bird said: “Long-tail business is about long-term relationships. The best entity for that is someone who understands your business and carries an A rating.”

Into the renewals

Bird sees determined buyers testing price boundaries. “Buyers still regard reinsurance as either adequately priced or overpriced because they are pushing harder. However the reinsurance market, generally, is too smart to underprice business carelessly,” he said.

In property reinsurance, programme architecture has pushed more attritional frequency risk back to insurers. “Reinsurers appreciate that they need this additional buffer as the cost of rebuilding and reinstating property has gone up materially in the last five years, given higher costs of labour and raw materials,” said Bird.

On non-modelled losses, he added: “If we cannot confidently price losses or the frequency of certain sizes of loss, then this uncertainty factor needs to be borne by the insurer who has a much bigger float with which to pay for such losses. They should build a bigger cat margin into their pricing rather than expecting reinsurers to carry this additional volatility.”

Bird’s main focus in all this is disciplined cycle management. “The biggest risk now is failing to make those responsible and hard decisions in the coming year,” he warned. “You cannot price your business without knowing what the correct price is. When you are approaching a tipping point where your operational costs, margin for profit and cost of capital are no longer being met, then we have to be making serious decisions quickly, not 12 months too late.”

“Cycle management may be seen as boring, but it is essential. Preserve what we have and not throw it all away. Know when to say no, when to start materially paring back your exposure in certain areas, own your own portfolio and do not let others dictate your business decisions.” And as rates ease: “do not overly rely on investment income,” he concluded.

PARTNERSHIPS

Renewal more about growth than price

Bertrand Romagne, CEO International at AXA XL Reinsurance, says renewal talks this year will be more balanced and about partnership as much as price.

Reinsurance is a way for clients to grow. For Bertrand Romagne, CEO International at AXA XL Reinsurance, that principle will frame discussions at Baden-Baden this year.

Renewal season, he told *Baden-Baden Today*, concerns more than rate: it's about listening, partnering and finding solutions that help cedants manage volatility sustainably.

"What is important for me is really the discussion between the client and reinsurers, he said. "Reinsurance is a way for our clients to do more business. It's more than just a transfer of risk,."

Heading into Baden-Baden, he expects conversations to feel more balanced than in recent times. "In the last two or three years, reinsurers were often imposing their views," he noted. "This year, I expect discussions will be on more of an equal footing. Capacity is available, the market is recovering."

> “For me, reinsurance is a way to enable our clients to grow their business.”

Outcomes, however, will differ by line of business, and Romagne predicted there would still be a lot of focus on catastrophe cover.

"But catastrophe is only part of our global portfolio. Casualty, aviation, marine, credit and surety are all just as important, each with its own technical issues."

He highlighted social inflation and litigation in casualty, as well as the clarity now emerging around losses in aviation and marine. "I don't expect capacity in the market to be in short supply," he added. "Our appetite is unchanged from last year, but we will always assess case by case."

KEY POINTS:

- Reinsurance is growth enabler
- Factors reshaping risk conversations
- Treat secondary perils as core risks

Inflation, weather volatility and geopolitics are also reshaping risk transfer. AXA XL Reinsurance, he explained, has long invested in analysing these exposures, through its collaboration with the Cambridge Centre for Risk Studies (CCRS).

"Changing weather patterns have been on our radar for years. We need to anticipate trends, recognise risks and make clients aware," Romagne said. Social inflation, once predominantly a US issue, is now spreading globally. Meanwhile, we have specialist teams on hand to track geopolitical uncertainty. "One of our strengths is being part of a group that invests heavily in emerging risks. That's a clear benefit for our clients."

On natural catastrophe, Romagne believes reinsurers must rethink so-called secondary perils. "The trouble is we keep saying 'secondary', as if they were less important. They are not," he insisted. "Wildfire is now almost as big a risk in Europe as in the US. We've seen large losses in France, Spain and Greece this year. These perils should be treated as main perils."

AXA XL Reinsurance's wildfire research with CCRS is focused on the US, but the findings are becoming increasingly relevant in Europe. The study found that adapted construction codes and prevention practices reduced risk dramatically, by a factor of three in some cases. Romagne emphasised it was the reinsurer's duty to take those insights and apply them in Europe, raising awareness among cedants and insureds.

For him, this reinforces the point that discussions with clients should not be limited to rate but must also include risk management and prevention.

After the sharp correction in reinsurance pricing two or three years ago, cedants now want conversations that go beyond the cycle, and AXA XL Reinsurance has used this period to deepen partnerships. "We have fewer lines, but the partnerships are stronger and more multi-line. It's not just about one angle of the business, but all angles."

He also underlined the value of experienced teams. "We have underwriters who have been with us for decades, actuaries who can deeply analyse risk and trends and a strong balance sheet. This is what we offer when we have those meaningful conversations."

> “The real challenge is how to price and anticipate risks we have not yet seen.”

Finally, Romagne pointed to the transformative role of data and AI, saying the first step was always to get data from the client. When relevant local data is scarce or unavailable on a specific risk we have the opportunity to leverage global data for comparison.

"The real challenge is how to price and anticipate risks we have not yet seen. That's where creativity is required."

AI, he believes, will play an important supporting role. "It won't do our jobs for us. But it will help digest vast amounts of data, draw analogies and identify trends. Being part of AXA Group gives us access to teams working on these issues, and we will continue to invest. That's something we can bring to clients at Baden-Baden and beyond." ●

ARTIFICIAL INTELLIGENCE

Why MGAs should become MGAIs

AI can give MGAs sharper insights, speed and stronger reinsurance ties while keeping humans in control, says DGTAL CEO.

Artificial intelligence is moving from buzzword to business driver, and MGAs are uniquely placed to capture its benefits early.

For Arndt Gossmann, CEO of DGTAL, the timing could not be more critical. "Agility plus AI is a winning formula for doing insurance business," he told *Baden-Baden Today*. MGAs' closeness to the market and lighter legacy systems mean they can often adopt innovations faster than larger insurers weighed down by transformation challenges.

Yet Gossmann stressed that AI was not simply about efficiency but about reshaping the MGA–carrier relationship.

"The level of information exchange and the involvement of the capacity provider, with regard to both underwriting and claims management, becomes ever more intense.

"The flexibility, which makes MGAs so incredibly successful, is going away if you have additional complexity in the workflow, as the level of interaction with the carrier increases," he explained.

> "Agility plus AI is a winning formula for doing insurance business."

AI, he knows, can solve this tension by providing real-time transparency, reducing duplication and enabling insurers to see the data they need without constant back-and-forth and parallel assessments on both sides.

The same principle applies to product innovation. Because many MGAs design their own solutions, AI can help them fine-tune tariffs and underwriting conditions with much greater precision.

"With AI, you have far more and far superior data to analyse and to fine-tune your products and become better in the underwriting and claims management side," Gossmann said. For him, AI is an accelerator that allows MGAs to turn agility into sustainable advantage.

KEY POINTS:

- MGA–carrier relationships transformed by AI
- Human in the loop remains vital
- Tailor made AI agents deliver 99% precision

However, he is also clear that AI alone cannot carry the decision-making burden. "I'm a big fan of hybrid," he said, emphasising the importance of human-in-the-loop approaches. AI should be "deeply implemented into the workflow" to prepare, analyse and process information, but the ultimate call rests with experienced underwriters and claims specialists.

By supporting experts rather than replacing them, AI increases both speed and quality. "If you can put more cases in front of your top people because they're supported and seconded by AI agents, this is a huge advantage. Faster decisions, better decisions."

As Baden-Baden turns attention to capacity, Gossmann sees AI as a decisive factor in MGA pitches to reinsurers. "It makes a difference if you can provide better performance data and better background on the portfolio you underwrite. Reinsurers will reward the new data transparency. That's it," he stated.

By generating deep portfolio analytics and demonstrating corrective action where needed, MGAs can prove their risk management credibility. Those who can provide granular portfolio insights will not just attract capacity; they will secure more competitive terms.

Looking ahead, he argued that AI agents would be the next frontier. Last year, DGTAL committed to switching its entire technology platform onto AI agents, and this is quickly becoming the topic across the industry. If you operate tailored AI agents within the workflows, the gains are impressive.

"If you just use large language models, you get around 70% in accuracy. If you use AI agents, you reach 95%. With AI agents optimised into a workflow, you get more than 99% accuracy."

Combined ratio improvements of up to 10% are being observed by the few that made this step. For Gossmann, the metaphor is clear: "If you have a Formula One car and you put it on a little farm street, it will not show its full performance. AI agents are the same: you have to put them on the racetrack if you want to achieve the full impact."

This racetrack is the operational workflow, where underwriting and claims meet the realities of data, speed and accuracy. Faster and more accurate insights help insurers and MGAs engage in a less friction-laden partnership. "Insurance companies that run AI tools with MGAs can become significantly successful in their relationship. That's a win-win," he claimed.

> "If you put a formula one car on a little farm street, it will not show you its full performance."

The message to MGAs is clear: lead with agility, and with technology. Those who embed AI into their workflows and boardroom discussions will not only enhance transparency and efficiency but also sharpen their competitive edge in the eyes of reinsurers.

As Gossmann concluded: "At some point in time, you will only get reinsurance when you can provide a much deeper and better data. We're not there yet, but it's great for those who are able to give better portfolio information... they will benefit and reward."

Arndt Gossmann is the chief executive officer and co-founder of DGTAL. He can be reached at: a.gossmann@dgtal.io

STRATEGY

There are smarter ways to grow

KEY POINTS:

- Be smarter than the big ones
- Stand out with innovation, not scale
- Culture is the real strategy

In a competitive European market where the big names dominate, ERGO Austria International, one of Austria's largest insurance groups, is quietly crafting its own playbook — one built on intelligence, innovation and culture rather than size.

Speaking exclusively to *Baden-Baden Today*, CEO Philipp Wassenberg shared how the company is using digital muscle, smart pricing and a strong culture to out-innovate larger rivals while expanding its presence in non-life insurance. He strongly believes the industry needs to reimagine the workplace to draw talent back in.

"We're in the middle of the market," he said. "We can't beat the big ones by mere size and scale — we have to be smarter. "Our edge lies in having a clear USP, whether that's niche products or underserved business segments."

Wassenberg sees innovation as the only sustainable route to growth. In life and health, ERGO Austria has built a solid base, backed by the combined strength of Munich Re and ERGO Group, with a product portfolio that stands out for its breadth and flexibility.

The next move, Wassenberg signalled, will come in property, where the company is preparing to launch a unique offering designed to respond more intelligently to the country's rising exposure to natural catastrophes. "We will soon bring out a new homeowners product which clearly addresses the nat cat exposure much more intelligently than the regular products on the market," he said. "We've always, traditionally been a forerunner in product innovation."

> "If you don't have a corporate culture and people that fully supports the strategy, the strategy will fail."

That extends to pricing strategy. "We will have a very differentiated pricing approach that takes into consideration modelled and unmodelled perils, regionally, much more granularly than it used to be," he explained. "Where there's lots of nat cat exposure, our product will be much more expensive than the average, and where it is less exposed, it will be cheaper... This differentiation should give us leverage to ring-fence nat cat exposure better."

"If you really differentiate in product, pricing and risk appetite, you can grow organically very easily," he noted.

It's a pragmatic response to a shifting risk landscape, he believes. Once a relatively calm market, Austria has recently faced frequent storms, floods and hail events. Many of these perils remain only partly insured. "Having this huge coverage gap is not a solution for the future," he warned.

If risk realism is one pillar of his strategy, digital transformation is another. Only around 3% of Austrian insurance sales happen online - one of the lowest rates in Europe. "Digitalisation is in everyone's mind, but not in everyone's toolbox," he said. ERGO wants to change that. "We want to be digitally leading."

Yet perhaps Wassenberg's most distinctive focus is people. ERGO's newly renovated Vienna headquarters, open and flexible, and purposefully not "remote-first", has transformed recruitment. "We built an amazing office experience," he said. "It's beautiful, collaborative and fun – and now we receive double or triple the number of applicants. A nice workplace really matters." For him, culture is the real strategy. "If you don't have a corporate culture and people that fully supports the strategy, the strategy will fail."

His closing reflection was simple yet confident: "Even if we're not among the biggest in some markets, we provide the solutions of the biggest."

NEWS

Marsh McLennan eyes $400 million in cost-cuts, lay-offs pending

Marsh McLennan has a fresh cost savings programme that can cut some $400 million from annual costs, including unspecified lay-offs and job shifts. CEO John Doyle suggested the initiative will enable investments for future growth, including via new talent and "accelerating our AI journey".

Marsh McLennan defines the three-year programme via its ability to "generate savings from process and automation efficiencies and optimisation of our global operating model."

"The efficiencies we gain will support investment in talent and technology," Doyle said at the broker's Q3 earnings call. "We can deliver even greater value for clients and colleagues."

But savings will chiefly flow through to increased profits, officials made clear during the Q&A. "We generate a lot of value out of these programmes and expect a lot of the savings to flow through into the bottom line," CFO Mark McGivney said. Expect "some reinvestment", he said in contrast.

The group will spend $500 million to get its way to the $400 million annual savings target. Lay-off charges took top billing when McGivney was asked to discuss the cost breakdown.

"A lot of the costs are just associated with severance and just the cost associated with transitioning work and other things we are doing to simplify the organisation," McGivney said under questioning.

The new savings programme, called "Thrive", is the flip side of the coin to a new branding strategy, which unifies its businesses under a single Marsh identity and establishes a dedicated unit for technology and innovation ventures.

RE/INSURANCE

Who dares wins: seize the window

Four leading industry figures weigh the evidence to define winning strategies for the months and years ahead.

Leo Beckham | Sébastien Bamsey | David Flandro | Alexander Roth

There is a paradox at the heart of today's insurance markets. Despite headlines around softening prices, margin squeeze and capital volatility, underwriting profits remain resilient and capital continues to flow.

In a recent roundtable, Leo Beckham, head of UK & Europe, Howden Capital Markets & Advisory, Sébastien Bamsey, managing director, Howden Capital Markets & Advisory, David Flandro, head of industry analysis & strategic advisory, Howden Re and Alexander Roth, head of capital & operational solutions international, Howden Re, discussed why they believe the industry is entering a rare window of opportunity for those positioned to seize it.

Stronger under the surface

The market's caution is understandable: concerns over softening pricing, margin pressure and volatility persist with inflation exposing weaker underwriters and increasing the risk of policy mis-steps.

However, industry fundamentals remain strong. Loss ratios are low, returns on capital attractive and profitability has been sustained for three consecutive years.

"If we cast our minds back to 2007–10, there are clear parallels as strong returns can be achieved despite uncertainty," said Flandro. "While growth between 2021 and 2024 was driven by pricing tailwinds, the market has since fragmented into many micro-markets. Some segments are still experiencing rate rises while others face pressure; pricing alone is no longer enough to drive growth."

Flandro continued: "In 2025 and looking to 2026, intermediaries must add value in matching supply with demand: with innovation, underwriting discipline and capital efficiency, this environment offers a real opportunity for upside."

The underwriting landscape

According to Roth, "the oft-repeated narrative of a pricing collapse exaggerates the truth." In reinsurance, the nat cat environment still supports favourable attachment points and pricing, while in casualty, the market is following a normal liability cycle, rather than a reserve collapse. "That said, underwriting margins will inevitably compress, and in this transition, demand for legacy, retrospective and earnings-stabilisation solutions is rising," Flandro added.

KEY POINTS:

- A rare window of opportunity
- Industry fundamentals remain strong
- Integrate capital with strategy

A few more shifts are key. The hard market that emerged after 2019 brought new entrants, but capital inflows have been more restrained than in prior cycles, particularly after the 2022 interest rate shock. This relative shortage of fresh supply has underpinned firmer pricing. At the same time, risk-transfer tools once associated with larger carriers, such as catastrophe bonds and other ILS placements, are being adopted more widely.

> "Looking to 2026, intermediaries must add value in matching supply with demand. This environment offers a real opportunity for upside."

The result of these changes is that the underwriting market has better tools to manage volatility, capital stress and cyclical transitions.

Structuring and transaction opportunities

If underwriting is the engine, structuring is the fine-tuning that makes the difference in tight markets. According to Roth: "Today, clients no longer ask, 'which product?' but, 'which solutions best support our strategy?' They want partners who understand their capital and/or operational constraints, risk appetite and return expectations, not just off-the-shelf products."

Roth highlighted the importance of viewing capital and strategy through an integrated lens, recognising that all areas, from structured reinsurance to investment management, can be addressed through different solutions, yet all influence one another.

In Europe, and increasingly in Germany, retrospective reinsurance structures have been placed to stabilise earnings or give capital relief.

Mechanisms that release reserve profits or reduce ceded margins are gaining traction. In parallel, asset strategies optimise market-risk charges and capital efficiency, strengthening both sides of the balance sheet.

Roth concluded, "In softening cycles where organic growth decelerates, structuring and capital optimisation become the differentiator."

M&A poised for the next wave

Bamsey highlighted that, from a capital markets perspective, profitability continues to support strong valuations. "Carriers typically transact on a multiple of book value, while capital-light models are measured with earnings-based multiples, commanding a premium for underwriting track record, capacity diversity and tech differentiation," he said, adding that hybrid models using third-party capital can secure higher valuations and greater exit flexibility.

"The 'Class of 2020' private equity investments in Lloyd's (incl. Apollo and Inigo, which have both recently been acquired by strategic carriers) are now approaching maturity. Softening market conditions are likely to trigger consolidation as larger carriers pursue growth and diversification," added Beckham.

Investor appetite is strengthening. Private equity is focused on capital-light and service models with defined exit paths, while private credit investors are chasing diversification and complexity premiums. Whole account and casualty sidecars are also attracting interest, given their defined tenor and collateral yield.

Markets mature, cycles invert and opportunities fade. But now, underwriters can still access both growth and margin, and strategic deal architects can amplify that edge. The roundtable participants agreed that success now depends on acting with conviction, rather than waiting for ideal conditions.

CYBER

Digging deep for growth in cyber

Gallagher Re's international head of cyber Jennifer Braney implores the cyber industry to dig deeper when it comes to searching for profitable growth.

While some cyber carriers are still "panning for gold" in their quest for growth, the market should be digging deep to mine a rich seam of international and alternative cyber product business. This approach, it is argued, best supports market growth and offers additional diversification benefits.

We like the analogy of gold mining. Prospectors panning for gold in a stream might discover nuggets easily, but eventually those will run out. To find more substantial gold deposits, you must dig underground, which is harder and requires more time and creativity.

> "Cyber insurers should look to emerging markets for growth."

As Gallagher Re explored in a whitepaper released in March this year, the cyber insurance market is uniquely positioned for robust growth.

While corporate risks will continue to be a mainstay of the business, with US buyers providing an estimated two thirds of the global market, opportunities are emerging in international markets. SME cyber business is growing in some less-established European markets, Africa, Latin America and Asia-Pacific (APAC). Meanwhile, personal lines coverage is taking off in Europe and APAC.

Cyber insurers should, therefore, look to these emerging markets for growth rather than competing for the same pool of business in established markets. However, because international distribution is less developed than in core markets, insurers will need to direct capacity to where demand is growing.

"The cyber market needs to take the supply of capacity and capability to where demand will be," noted Braney, head of international cyber.

KEY POINTS:

- Take supply to where demand will be
- Brokers connect supply to demand
- Growth outside US needs creativity and flexibility

Diversification benefits

Although ransomware is a global threat, tactics and actors vary by region. For example, the recent UK retail attacks focused on a specific industry and region. "A geographically diverse cyber portfolio helps balance out regional or sector-specific threats.

"Diversification is not a new concept in reinsurance, and there is a growing argument for its application in cyber, which is generally viewed as an undiversifiable global risk," said Braney.

Some regions exclude ransom payments from cyber insurance, while the governments of some countries discourage or ban the payment of ransoms for certain sectors.1 This could provide a diversification benefit to help manage ransomware risk, where it dissuades attackers from targeting those regions.

Alternative cyber products can also provide diversification benefits through coverage differences. As Braney explains: "Personal lines cyber insurance naturally doesn't cover business interruption, which has been a bigger driver of loss in ransomware claims. Adding personal lines cyber insurance to a portfolio can aid in diversification in that respect."

Tapping into growth

As international demand for SME and personal lines cyber products grows, Gallagher Re will continue to play an important role as a matchmaker.

As the market continues to grow and mature, the role of the reinsurance broker will be to connect the distribution network of local carriers – those with the reputation, brand presence and understanding of their jurisdictions – with global cyber capacity and capabilities.

"Uncovering the rich seams of new business that lies beneath the surface of international markets will be a challenging process. However, with persistence and effort, there are huge untapped opportunities waiting to be discovered," she concludes.

Jennifer Braney is the international head of cyber at Gallagher Re. She can be contacted at: jennifer_braney@gallagherre.com

Sustainable cyber growth depends on balancing supply and demand, securing capital that remains committed even during downturns, and fostering underwriting strategies that evolve rather than contract in response to loss.

In March this year, Gallagher Re published a white paper, "The quest for growth" which noted that historically, the market's response to major loss events has been reactive – pushing up rates and shrinking exposure.

At Gallagher Re, we are advocating for a different approach; growing market aggregates and increasing written premiums, rather than just adjusting rates.

To achieve this, underwriters must prepare now, during the softer cycle, to ensure they have the relevant trust and buy-in from stakeholders that leaning into a hard market is a viable strategy.

And, as the paper explains, history has shown that those who prioritised sustainable capital protection and embraced market volatility – rather than retreating – were ultimately rewarded.

However, it isn't enough just to generate more capacity. It is also imperative that the whole market works together to increase demand.

To read the full report, scan the QR code:

GROWTH

QBE Re is seeking selective growth

QBE Re is eyeing targeted expansion across EMEA while holding a hard line on discipline. Abdallah Balbeisi, executive director – EMEA, says pricing adequacy and tight terms will remain non-negotiable as the market enters another pivotal renewal.

"I firmly believe the reinsurance market will maintain underwriting discipline, particularly when it comes to terms and conditions. Covers that are adequately priced will remain attractive to reinsurers, and competition will naturally play its part," he told *Baden-Baden Today*.

KEY POINTS:

- Portfolio pruned; ready for growth
- ART and credit build-out in 2026
- Secondary perils a key concern

Discipline on rates and structures

Discipline, he stressed, extends to structure as well as rate. "There's strong alignment across the market around maintaining discipline —particularly regarding terms and conditions and attachment points. The correction we saw in 2023 was necessary, and I believe there's a broad consensus among cedants and reinsurers that we're now operating at the right level."

And while pressure may nibble at the top ends of programmes, he cautions against forgetting how recently the tide turned. "There may be some pressure on pricing, likely more at the higher layers than lower. While recent performance in the reinsurance sector has been positive, it has only just compensated for the challenging years that preceded it. Price adequacy will be critical to securing sustainable, long-term support from investors in our business," he added.

The macro headwinds are familiar, but they are not fading. He highlighted that the impact of climate change and the increasing frequency of so-called secondary perils "remains a concern", particularly in Europe. "We must be cautious not to let a year without significant secondary losses distract us from the long-term trend that began several years ago," he said.

That caution has already shown up in portfolio moves. "Yes, we have gone through an extensive exercise, in the last couple of renewals to reduce our cat exposure due to difficult performance, especially when we could not meet the terms and conditions offered by the market," Balbeisi admitted.

"We also reduced our exposure in agriculture to less than handful of accounts where we have a much larger and more profitable business with the same long-term partners. After appropriately addressing the issues, we are now looking for selective growth, where pricing is adequate and return periods are acceptable."

Aggregates, once a go-to for frequency protection, remain a measured conversation for Balbeisi. "In EMEA we have very limited appetite for the type of aggregate covers that were prevalent prior to 2023," he said. Many of those structures emerged from an undisciplined soft market and provided cat frequency protection at return periods that were simply too low."

> "There's a broad consensus among cedants and reinsurers that we're now operating at the right level."

Balbeisi is also watching the shift of non-traditional investors towards casualty. "We are seeing alternative forms of capital showing an increasing interest in casualty lines," he said. "The question is whether this capital will remain as interested once we see interest rates fall back to more normal levels or if we see a material weakening in the underlying insurance rating environment. The capital is just untested on a long-term basis.

"Personally, I see alternative capital as more an opportunity than a threat."

Targeted expansion in EMEA

That view underpins a growth plan focused on areas where QBE Re sees clear, sustainable margins. "I see opportunities across all lines of business, particularly with clients where we've built strong, long-term partnerships. I see specific growth potential in our life portfolio, especially in individual life and niche products, as well as in selected non-life specialty lines. We're proud of our medical acceptance tool, LifeQube, and confident that many more cedants will be interested in partnering with us on it.

"QBE Re globally is investing in its ART and credit capabilities, which should take shape in 2026, naturally we will be actively exploring targeted opportunities within EMEA in that space to complement our global initiative," he said.

To diversify protection and support growth, QBE Re has added a capital markets lever. Bridge Street Re, the group's catastrophe bond vehicle, was launched this year to target nat cat risk in the Americas as part of its retrocession strategy, following a broader strategic reset initiated in 2022 to reduce volatility and improve portfolio balance.

Balbeisi calls the platform a strategic pillar and a foundation for broader use. "This first catastrophe bond issuance provides us with a strong foundation to potentially expand beyond the US in future. It also positions us to leverage the robust investor appetite for cat bonds in a strategic way, helping to shape the future of QBE Re's capital management and risk transfer capabilities."

"We find the risk transfer efficient at the more remote levels of our programme," Balbeisi added. "We will review the market appetite for our bonds into 2026. Execution will be easier given we set up the processes with Bridge Street Re. We do note some investor appetite for European wind, which works well for us given the size of our EMEA business."

PRICING

Price risk realistically to prosper

A more measured, partnership-based approach anchored in discipline and diversification is needed, says Fabian Pütz, of DEVK Re.

"The market has moved back to tactical discussions about pricing levels for the upcoming renewal," said Fabian Pütz, CEO of Echo Re and executive board member at DEVK Re. "There's nothing wrong with that, but we also need to be realistic about expectations."

This tactical mindset, he argued, risks obscuring the deeper purpose of reinsurance, and he told *Baden-Baden Today*: "We should not only focus on renewal tactics, but remember our role in the insurance value chain. Reinsurers as well as insurers must price risk and volatility adequately and consistently."

He noted that only a short time ago, some questioned whether nat cat would remain insurable at all. With capacity returning, the sector could slip back into short-termism. "If we don't insist on sufficient premium in the system to finance rising exposures, we won't provide the right incentives for societies and policymakers to invest in resilience rather than rely on loss compensation," Pütz warned. That, he suggested, was where discipline has a broader societal role beyond pure market mechanics.

"There is no such thing as a bad risk – only a bad structure or price for the coverage we are providing, or the right structure and price but with the wrong partner." It is a statement that captures the disciplined but pragmatic philosophy at the core of DEVK Re's underwriting. Rather than withdrawing capacity from NatCat and other exposures over the last years, the group's stance was to scale the business provided that the risk exposure can be priced responsibly and managed within a broadly diversified portfolio.

"As a group, DEVK has established itself as one of the top 40 reinsurers globally," Pütz said. "We are an ambitious, long-term-oriented treaty reinsurer with meaningful capacity, offering broad support across P&C and specialty lines, as well as a small, but steadily growing, life reinsurance portfolio." Within that structure, DEVK Re focuses on Europe – including Turkey and Israel – and North America, while sister company Echo Re writes business from Latin America, the Caribbean, the Middle East, Africa and Asia Pacific.

KEY POINTS:

- Market needs mutual responsibility
- Discipline as 'self-regulation', not rigidity
- Diversification via Echo Re adds strength

The overall reinsurance GWP written by both carriers is about €1.5 billion. Given that DEVK RE is owned by DEVK a German mutual insurance group writing approximately €4 billion of direct insurance premium in Germany, this is not insignificant.

Supported by DEVK Re group's mutual ownership and strong capital base, the reinsurer is in a sweet spot position. "We don't feel under pressure to grow if we don't feel it's the right time but we have the strong mandate to strategically scale the portfolio in a sustainable way. We are not focusing on market share but on building a diversified portfolio across lines and regions. This is what we believe adds resilience."

> "There is no such thing as a bad risk – only a bad structure, price or the wrong partner."

That long-term view also underpins how DEVK Re approaches renewals. "Client support matters most when placements are difficult to complete, and we have always presented us as approachable and supportive trying to create win-win situations over time," Pütz said.

He described DEVK Re's approach as pragmatic and transparent. "Even when the market was in turmoil three years ago, we voiced our pricing expectations early. Delaying terms to squeeze advantage simply isn't compatible with talking about partnership."

At a time when capacity has returned and price negotiations are again sharpening, Pütz is concerned: "Results in many European markets have not been too positive over recent years. Good results of the global market should not distract us from this fact," he said. "As the market remains very fragile with volatility and uncertainty dominating, trying to leverage on short-term gains at the expense of the other parts of the value chain could backfire."

"Let's use this time in Baden-Baden to be frank about expectations and find a sustainable equilibrium. Pricing might be easier to debate than structure, but only for markets and clients where underlying results justify it. Discussions about attachment levels and frequency protection seem a bit ironic considering that attachment levels are often still quite low.

"That said, we are not dogmatically negating frequency protections but only in case of an sufficient alignment of interests between involved parties. Simply offloading the risk of expected frequency losses from one's own P&L without a transparent and consistent narrative and adequate price will prove challenging," he concluded.

For DEVK Re, that honesty is rooted in a consistent philosophy: disciplined, long-term, and anchored in mutual trust – the kind of partnership that endures beyond any single renewal.

Fabian Pütz is the chief executive officer of Echo Re and executive board member at DEVK Re. He can be reached at: Fabian.Puetz@devk.de

MARKET CONDITIONS

Softer rates will drive M&A forward

KEY POINTS:

- Softening rates means M&A focus
- Competition at higher layers
- Protectionism a growing concern

> “With margins tightening and the hard market cycle plateauing, strategic consolidation discussions are resurfacing globally.”
>
> Mike van der Straaten, Antares Global

As reinsurance pricing begins to soften, one consequence of this market dynamic will be an increased focus on mergers and acquisitions, as both larger and middle-tier players consider their growth options.

That is the view of Mike van der Straaten, global CEO, Antares Global, speaking ahead of the annual reinsurance conference in Baden-Baden. While he describes discipline as intact, he does believe rates are softening in places – and this will have consequences.

“With margins tightening and the hard market cycle plateauing, strategic consolidation discussions are resurfacing globally,” he said. “Larger groups continue to pursue scale and diversification, while mid-tier players are reassessing partnerships or M&A to enhance competitiveness.

“Execution remains selective – valuation gaps, capital considerations and regulatory hurdles persist – but the strategic rationale for consolidation is strengthening as the cycle normalises and pricing pressures re-emerge.”

In terms of what the industry should expect from the year-end renewal, he said market conditions are broadly stable across all major regions, with similar dynamics evident globally and in the US. Pricing discipline remains intact, he said, though the pace of firming has eased as capacity continues to return. And rate decreases are seen in some areas.

“Cedants are achieving modest improvements in terms, particularly in peak zones, while reinsurers remain selective and focused on risk quality,” he said. “Softening into 1.1.26 is expected, with risk-adjusted rate on line (ROLs) easing high-single to low-teens in the absence of major cat losses, yet still above long-term norms.

“Capacity is plentiful – both rated and alternative – supporting a more orderly and measured renewal season. The overall balance of power is shifting gradually back toward buyers, establishing a more sustainable footing for 2026.”

For property-catastrophe risks specifically, he said the market’s moderation remains controlled and globally consistent. “Underwriters continue to manage exposures carefully, deploying capacity selectively and maintaining underwriting discipline. The benign loss environment across most core territories has applied downward pressure on pricing, but overall levels remain resilient for now.”

But there is growing competition for business in some areas. “Competition is sharpest at risk-remote layers, where spreads are tightening most notably. Ultimate net loss (UNL) structures and cat bonds continue to displace industry loss warranties (ILWs) at the margin, reflecting investor comfort and liquidity at higher attachment points. While wildfire losses have marginally slowed softening, the remaining hurricane season, potential capital trapping and fresh inflows will be key determinants of year-end trajectory,” he said.

> “Capacity is plentiful – both rated and alternative – supporting a more orderly and measured renewal season.”

One influence on pricing is insurance-linked securities (ILS). In this segment, capital is consistent worldwide, shaping upper-layer pricing in both US and international markets. “Competitive ILS issuance has maintained pressure on higher-attachment points, softening rates and compressing margins in those layers,” he said.

“Investor appetite remains strong globally, contingent on continued benign loss activity and steady returns. A sustained low-loss year could attract further capital inflows post-1.1, prolonging competitive conditions. While momentum is healthy, maintaining it will depend on stable returns and limited market volatility.”

He also noted that the global reinsurance market faces “a familiar macro backdrop” of persistent inflation, geopolitical instability and elevated interest rates. “Improved yields offer some offset, but volatility across capital markets could weigh on returns and investor sentiment.

“Protectionist policies and slower global growth may influence insured exposures and loss costs, while a sudden tightening in liquidity or credit would represent the key downside risk. Despite these headwinds, the sector enters renewals with strong capitalisation and a disciplined approach to risk.”

He concluded by arguing that global reinsurance markets are aligned and disciplined heading into Baden-Baden. “The benign loss year, ample capacity and consistent ILS activity are exerting pressure on pricing, but levels remain solid and market behaviour rational. Expect a measured softening into January 1, 2026, not a structural weakening – with reinsurers focused on maintaining underwriting discipline and differentiation as the market transitions toward equilibrium.”

RISKS

SRCC to data hubs: the new mega risks

Social unrest, data centre expansion and rapid digitalisation are reshaping global risk exposure. Now Swiss Re's executives are clear that these are "mega risks" that demand as much attention as natural catastrophes.

"We find ourselves navigating through a period of heightened and changing uncertainty," said Leopoldo Camara, head of property and casualty reinsurance for Northern, Central and Eastern Europe, during a Baden-Baden briefing. "In the geopolitical context, we see growing conflicts, shifting alliances and protectionism disrupting markets and supply chains. We see extreme weather patterns increasing in both frequency and intensity and this is driving losses in increasingly concentrated areas."

Camara warned that social risks are intensifying in parallel with natural and technological threats. "We continue to see social disruption," he said. "Combinations of social dissatisfaction, radical political views and outright provocation create instability. Twenty-five European countries have seen strikes, riots and civil commotion (SRCC) only in 2025. It's really a phenomenon that is emerging across Europe.

"The term 'hostile activism' is finding surprising degrees of support in societies. It's incredibly important that we continue to pay attention to accumulations and to the way we structure covers, because the topic is not going away."

> "Digitalisation and the energy transition are new and large risk pools."

But even as climate and social instability intensify, the digital economy is creating fresh exposures. Jimmy Keime, head of engineering and nuclear, said: "We're seeing data centre construction and investment surging. Some data points show capacity doubling by 2030 or even tripling. Today, data centres use around 1% of global power, and it's expected to grow to 3%. These mega facilities carry vast risk exposures, some single facilities represent $20–50 billion of investment, and many are built close together. That poses challenges in terms of the industry's ability to absorb that level of risk and accumulation on its own."

Keime added that insurers must grapple with the dual transformation of energy and technology. "Digitalisation and the energy transition are new and large risk pools," he said. "Reinsurers can add value not only through capacity, but through risk engineering, tools and data analytics."

The concluding message was clear: the landscape of risk is not just changing; it's converging. Camara warned that with €100 billion catastrophe years becoming the norm, the world now faces a web of interlinked threats, from natural perils and "hostile activism" to the surging digital and energy infrastructure, each amplifying the other in scale and unpredictability.

BROKING

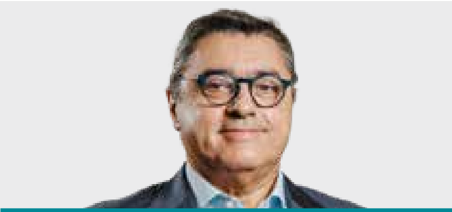
Brokerslink enters next growth phase

With a private placement now closed, Brokerslink is aiming to create "an even more robust" company, investing in deeper technology, product development and placement capability. In an exclusive interview, its president and CEO José Manuel Fonseca set out growth plans focused on turning collaboration into new business.

"We have just closed a private placement where we raised important capital to help us build the next growth phase," Fonseca told *Baden-Baden Today*. "We will invest a lot in technology and help our members build more robust capability in financial and business solutions.

"Our main objective is to create an even more robust company."

Consolidation among big brokers, he believes, is creating "a great opportunity" for Brokerslink. Its edge, he argued, is an owner-operator model that is "independent but coordinated" and delivers "much more versatility, agility, and a tailor made approach to clients". Members are entrepreneurs with "global coordination and a very good local service".



"We want to create an even more robust company."

"It's a different model and can be very tough to lead and manage, but I think we are much closer to the markets and our clients, and we can adapt more easily and faster,"

Brokerslink's story is two decades in the making. "We started 21 years ago – five crazy guys in a room," Fonseca recalled, describing how the group expanded from Europe into Asia and Latin America, built trust, and set out not just to share cross-border servicing but to "produce business that they could not do it on a standalone basis". That ethos was on show in Madrid recently at the 2025 Brokerslink Global Conference, which drew more than 450 partners from 90 countries. The network has also just expanded its reach by adding new regional leaders, whom Fonseca says "understand our vision for a different future of broking".

A risk management specialist, Fonseca is clear-eyed about the risk landscape: climate remains the top concern, cyber risk is acute and geopolitical instability, including war, terrorism and social unrest, is moving sharply up the agenda.

On technology, he rejects the idea that AI diminishes the broker's role. "I think AI gives us a lot of opportunities... particularly in terms of efficiency and data management... to be even more closer to the client." What's important is to "leverage all the opportunities" while preserving the human touch "critical in our profession".

PROTECTION GAP

Brokers key to $2.5tr protection gap

Specialty brokers could help close the $2.5 trillion protection gap and accelerate solutions for emerging risks, but only if regulators back innovation and modernise outdated frameworks, the London & International Insurance Brokers' Association (LIIBA) argues in a new report.

"Specialty brokers are the innovation engine of the insurance industry. They identify risks before they are widely understood, build the data that makes them insurable and work with clients and underwriters to design solutions that drive resilience and growth," Christopher Croft, CEO of LIIBA, told the publication.

"If we fail to innovate at pace, the consequences are profound: businesses remain exposed, investment is constrained and economies become more vulnerable."

The report, 'The innovation imperative: why brokers matter more than ever', draws on interviews with more than 200 senior in the EU to do that. That double licensing requirement is an unnecessary complication and makes it harder for EU clients and EU brokers to source the right expertise to produce the right solutions."

“Specialty brokers are the innovation engine of the insurance industry.”

The report also found that brokers' value is often misunderstood, not only by clients and regulators, but sometimes even within the market itself. 41% of underwriters said they understood brokers' roles only "quite well" or "not very well", rising to 66% among risk managers.

Technology adoption is another brake: 76% cite improved data and analytics, 75% better technology, and 62% greater collaboration as critical to speeding up innovation.

Cultural attitudes compound the problem. "Treating broker investment as a cost of distribution rather than the R&D it truly represents only slows progress... most regulators around the world look at a distribution chain with more than one intermediary and assume that must be bad value," Croft said.

The report urges regulators, insurers and governments to act decisively – expand sandbox environments, modernise licensing frameworks and create innovation pools to fund solutions for emerging risks.

"Specialty brokers are central to closing this gap, but without stronger support from regulators, government and the wider market, their ability to innovate will be constrained," Croft said.

GROWTH

Doubling down on core market share

Growth is firmly back on the agenda for 2026, and increasing market share across business lines stands out as the leading strategic priority. According to *Baden-Baden Today*'s renewals survey, 63% of respondents see this as the greatest opportunity, suggesting a competitive mindset has returned, with firms looking to deepen their presence rather than chase risk in unfamiliar segments.

"After several years of volatility, there is a renewed confidence in optimising core portfolios," one European reinsurance executive wrote. "Companies are looking at their existing strengths and asking how they can do more with what they already have."

> "The stats tell us that organisations want to diversify, but without over-stretching capital or operational resources."

In joint second, a drive for expansion into new lines of business was matched by an equal number who believe strategic partnerships and joint ventures will be a major lever for growth. "Diversifying into adjacent lines is attractive, but partnerships give us the flexibility to move faster," one UK-based insurer said.

KEY POINTS:

- Grow where you're strong
- Partner for speed
- Innovate with intent

The stats tell us that organisations want to diversify, but without over-stretching capital or operational resources. Partnerships offer a faster route to market while sharing the risk, distribution and innovation costs. As one MGA leader commented: "They enable innovation without the burden of building everything in house. They let us test ideas at scale and adjust quickly if needed."

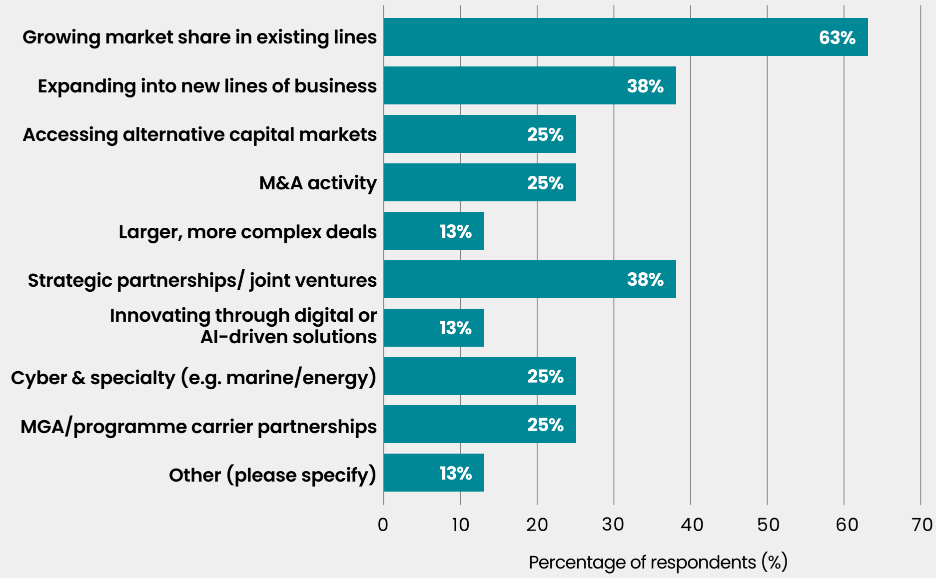
One quarter of respondents highlighted accessing alternative capital markets, cyber and specialty growth, M&A opportunities and MGA/programme carrier partnerships as rising opportunities. Capital-light models and specialist segments continue to appeal to those looking for growth without a dramatic shift in risk appetite.

At the bottom end of the priorities, just 13% flagged larger, more complex deals as well as innovation through digital or AI-driven solutions. "AI is exciting, but this year it's been mostly a tool for efficiency rather than a direct revenue driver," one respondent commented.

Similarly, the appetite for complex deal-making appears muted, with respondents instead favouring scalable, modular growth strategies. "We prefer incremental growth that we can manage operationally," said another participant.

In a landscape still defined by capital discipline and underwriting scrutiny, companies appear to be choosing controlled expansion over transformational shifts. "The message is simple: grow where you are strong, partner where you are not and only innovate when it clearly enhances execution," according to one respondent. The prevailing mood is focused, pragmatic and commercially grounded.

Where do you see opportunities for your business in 2026?



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