

Howden Re Business Intelligence

August 2025

# The market in perspective

(Re)insurer earnings overview half year

An industry report by Howden Re

**HOWDEN**

**HY 2025 overview**

- Clear market cycle shift
- Growth across global P&C
- L.A. wildfire losses
- Reserve development
- Forward profitability
- The next phase of the cycle
- Composite capital
- Summary and outlook
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# HY 2025 overview



## Hard market softening

Competition for profitable business, driving rate change indicating a shift in the market cycle



## Strong capital returns

Investor optimising in underwriting, investment income and (still) prior year reserve releases



## Large catastrophe losses manageable to-date

Cat losses driven notably by L.A. wildfires in Q1, offset by a quieter Q2, resulting in manageable underwriting margins and strong solvency



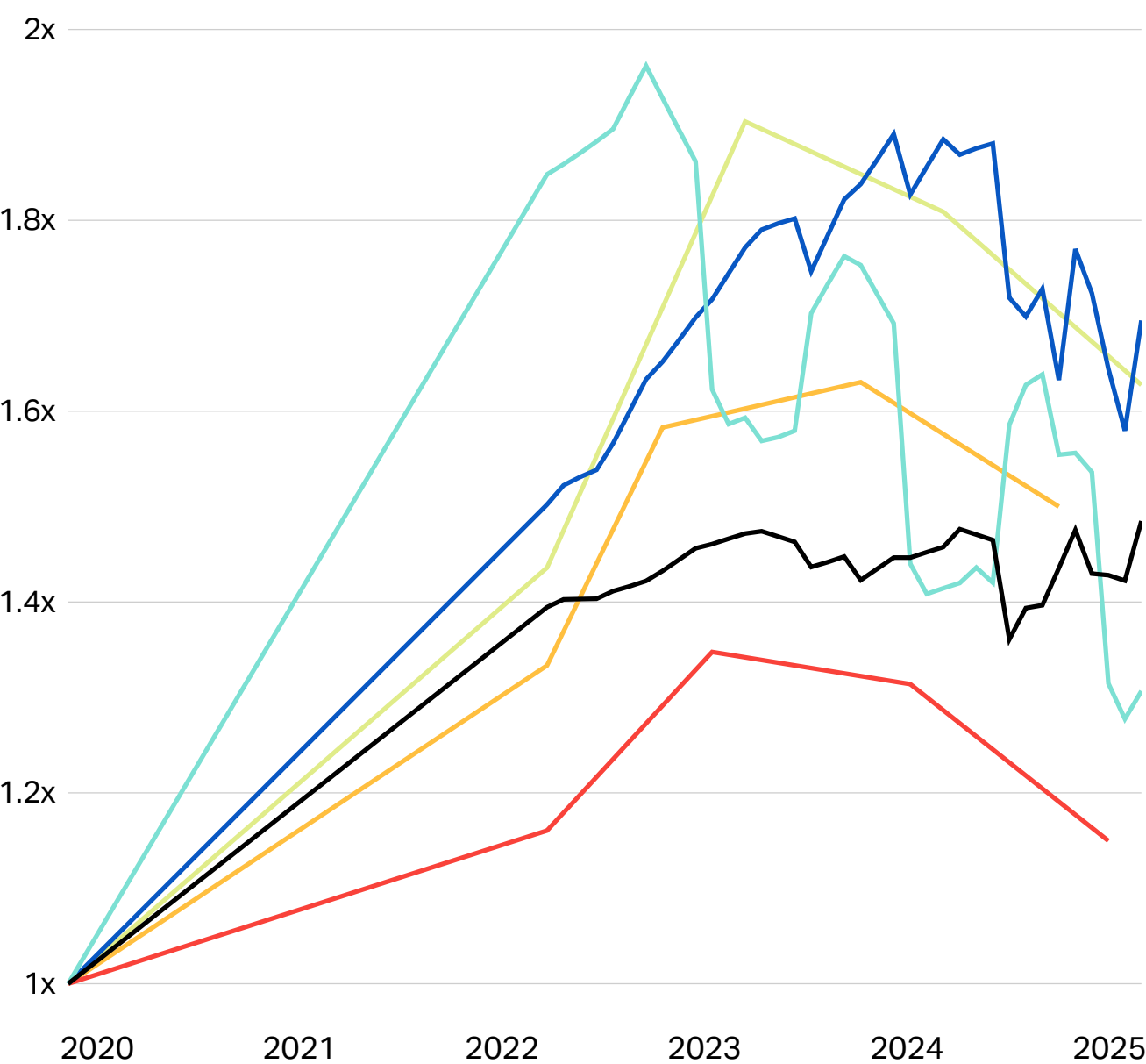
## Strategic and focussed underwriting

Targeted effort to deploy capital with prudence, and rebalancing to navigate competitive conditions

# Clear market cycle shift: ‘hard market softening’

(Re)insurance property rate reductions; casualty arguably more sustained

Rate-on-line indices from 2020



Reinsurance property catastrophe 1.1

Reinsurance property catastrophe 1.4

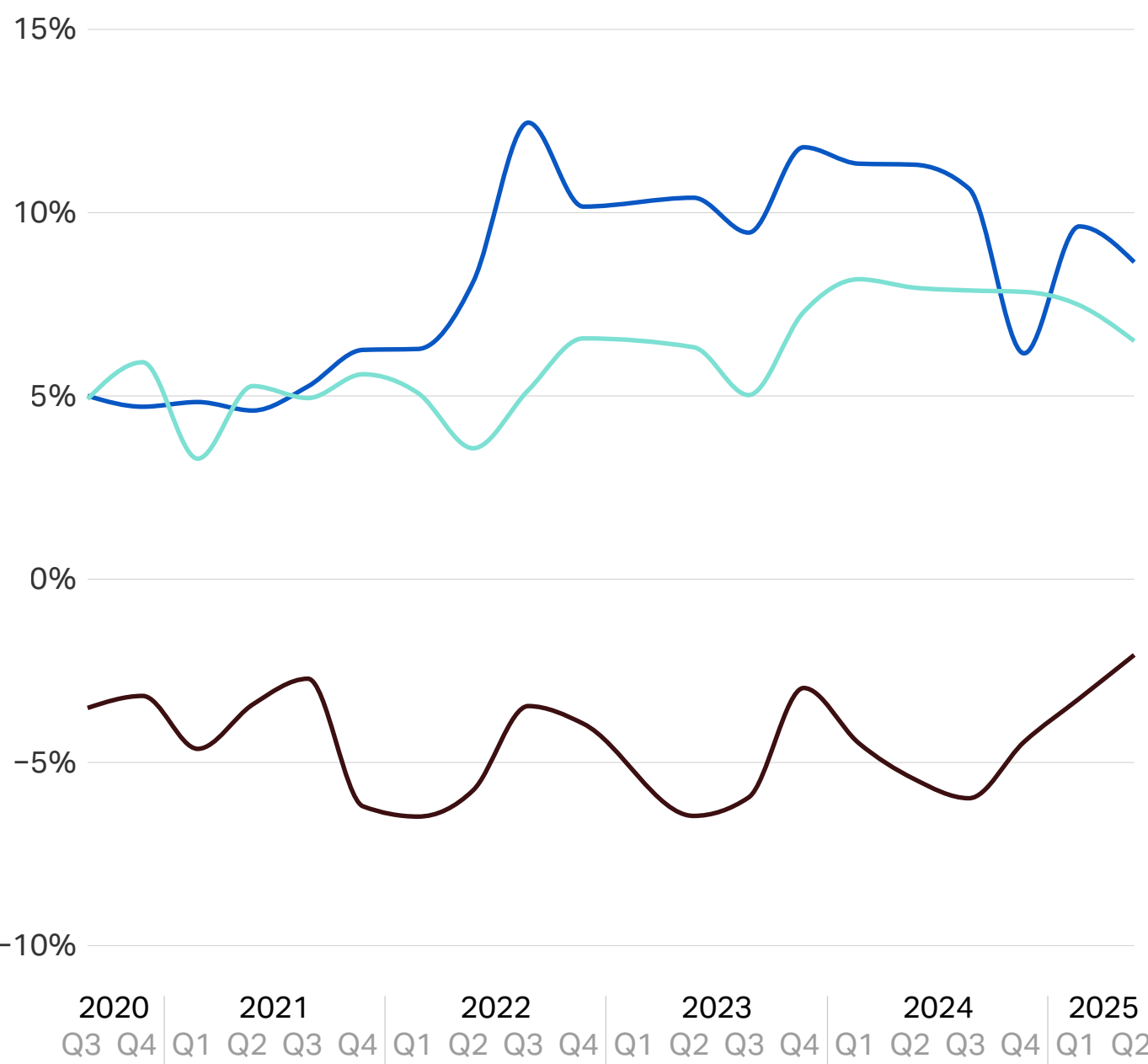
Reinsurance property catastrophe 1.6

Property

Financial Lines

General liability

US P&C approved rate filings (weighted by NPW)



Property

Liability

Workers comp

“

The decrease in price has remained mostly limited to non-proportional treaties, while proportional treaties continue to get rate increases.

SCOR

“

Property pricing slowdown impacted premium growth. US casualty pricing remains attractive, driving growth.

AIG

“

Increased capital has led to increased competition, increasing pressure on pricing most notably in property cat while renewals in other lines were more stable.

Hannover Re CEO  
Clemens Jungsthoefel

“

D&O public pricing was virtually flat in the quarter, indicating that the potential floor has been reached.

Axis

Source(s): NOVA, S&P Global  
Market Intelligence

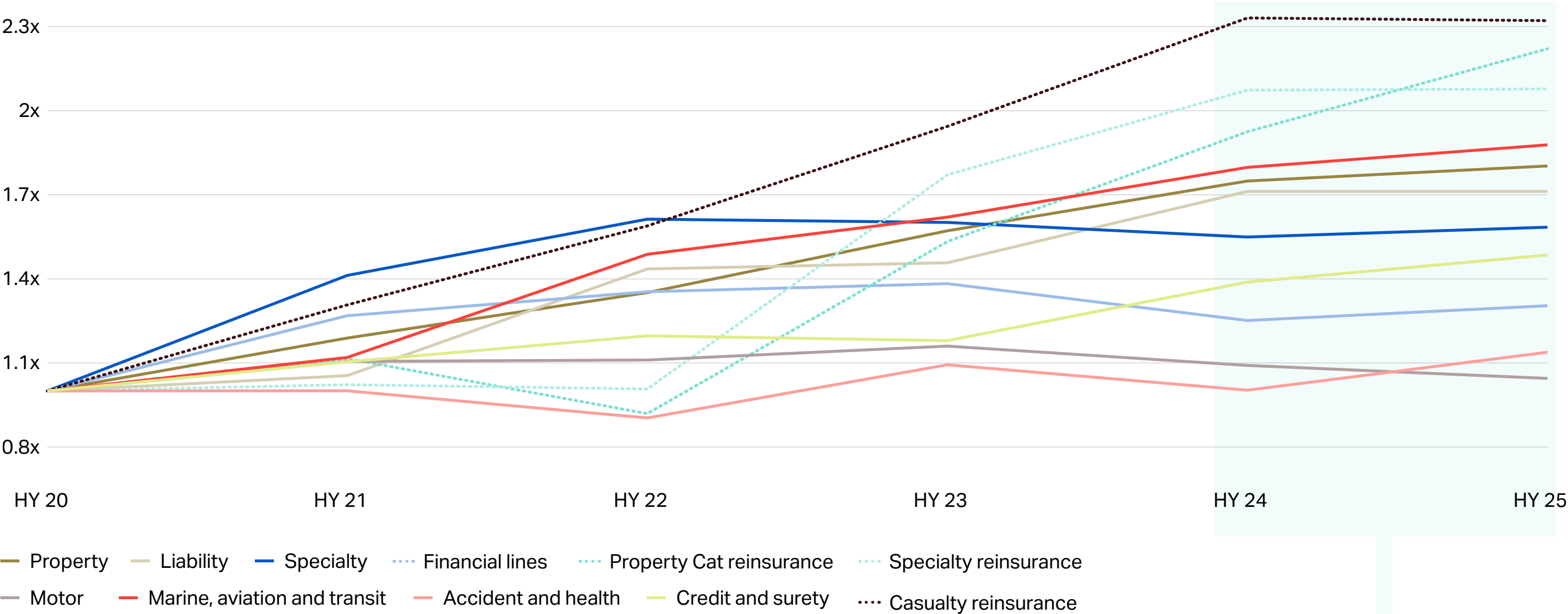
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# Growth across global P&C (re)insurance lines continues despite evidence of softening

## Insurers balancing growth where opportunities are clearly present

Evolution of premium volume across P&C (re)insurance lines for half year periods



## YoY change in premium volume vs YoY rate change

| Line of business      | HY 25 YoY premium change | HY 25 YoY rate change |
|-----------------------|--------------------------|-----------------------|
| Property Cat          | +15%                     | -5%*                  |
| Liability             | +8%                      | +1.9%                 |
| Financial lines       | +4%                      | -7.6%                 |
| Property              | +3%                      | -1.4%                 |
| Specialty             | +2%                      | +0.4%                 |
| Liability reinsurance | -1%                      | -1%                   |

We continue to grow in property with premiums up about 8% over prior year. Property Cat XOL grew over 15% and Property pro rata north of 8% as risk-adjusted returns remain attractive.

**James Allan Williamson**  
Everest Re, CEO

Property and Casualty experienced strong increase in premium, while the growth in Specialty was more modest relative to recent periods.

**Neil David Eckert**  
Conduit, CEO

The underwriting market remains attractive with healthy returns across property catastrophe and specialty lines.

**Kevin Joseph O'Donnell**  
Renaissance Re President, CEO & Director

The volume effect was higher compared to the first quarter with very good volume growth from commercial lines.

**Claire-Marie Thomas**  
Coste-Lepoutre  
Allianz SE, CFO

Source: NOVA  
Note(s): Premium volume data is collected from a composite of 16 (re)insurers.  
\*Property cat rate change taken from 1.6.  
Energy and marine, aviation and transit included within specialty HY 25 YoY rate change

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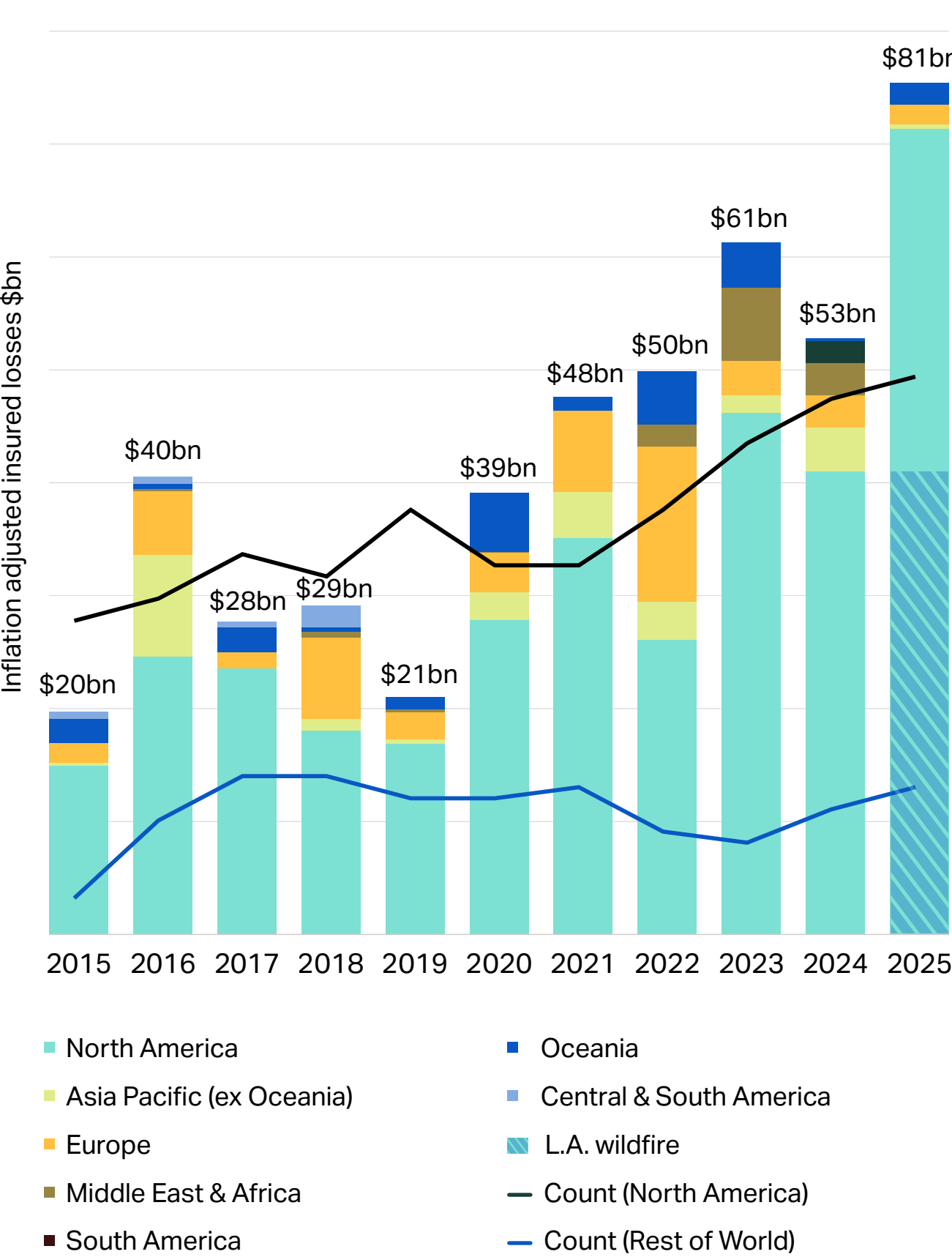
Source: NOVA  
Note(s): Only >USD 100mn insured losses were captured

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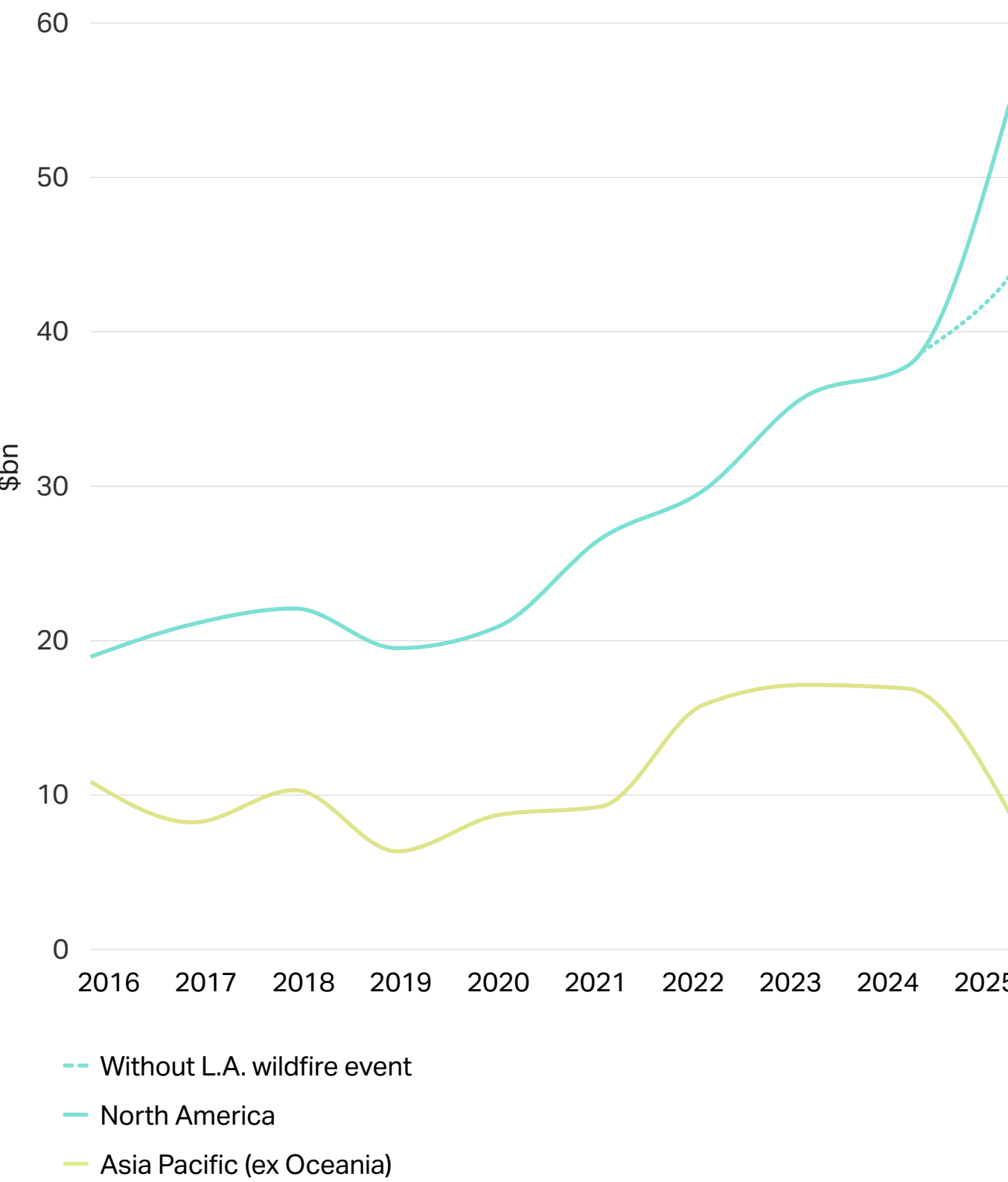
# H1 cat losses driven by the L.A. wildfires, partially offset by a quieter Q2

Natural catastrophe insured losses have hit a ten-year high, primarily driven by US

Half year natural catastrophe insured losses



Three-year moving average insured losses at half year



The P&C combined ratio increased for the six months ended June 30, 2025, reflecting California wildfire losses of \$1.47bn... but decreased for the three months ended June 30, reflecting higher favorable prior period development partially offset by higher catastrophe losses.

“ Chubb, Q2 2025 20-Q

We’re growing profitably, achieving a robust combined ratio of 92.6% in a period which included the highest ever losses from wildfires.

“ Hiscox CEO, Aki Hussain

Catastrophe losses decreased \$130m to \$1.99bn in Q2 2025... catastrophe losses increased \$1.34bn to \$4.19bn in H1 of 2025 compared to H1 2024.

“ Allstate, Q2 2025 10-Q

Although Munich Re did not emerge unscathed from the devastating wildfires in L.A. in January 2025, we nevertheless managed to generate a quarterly profit of €1.1bn (Q1).

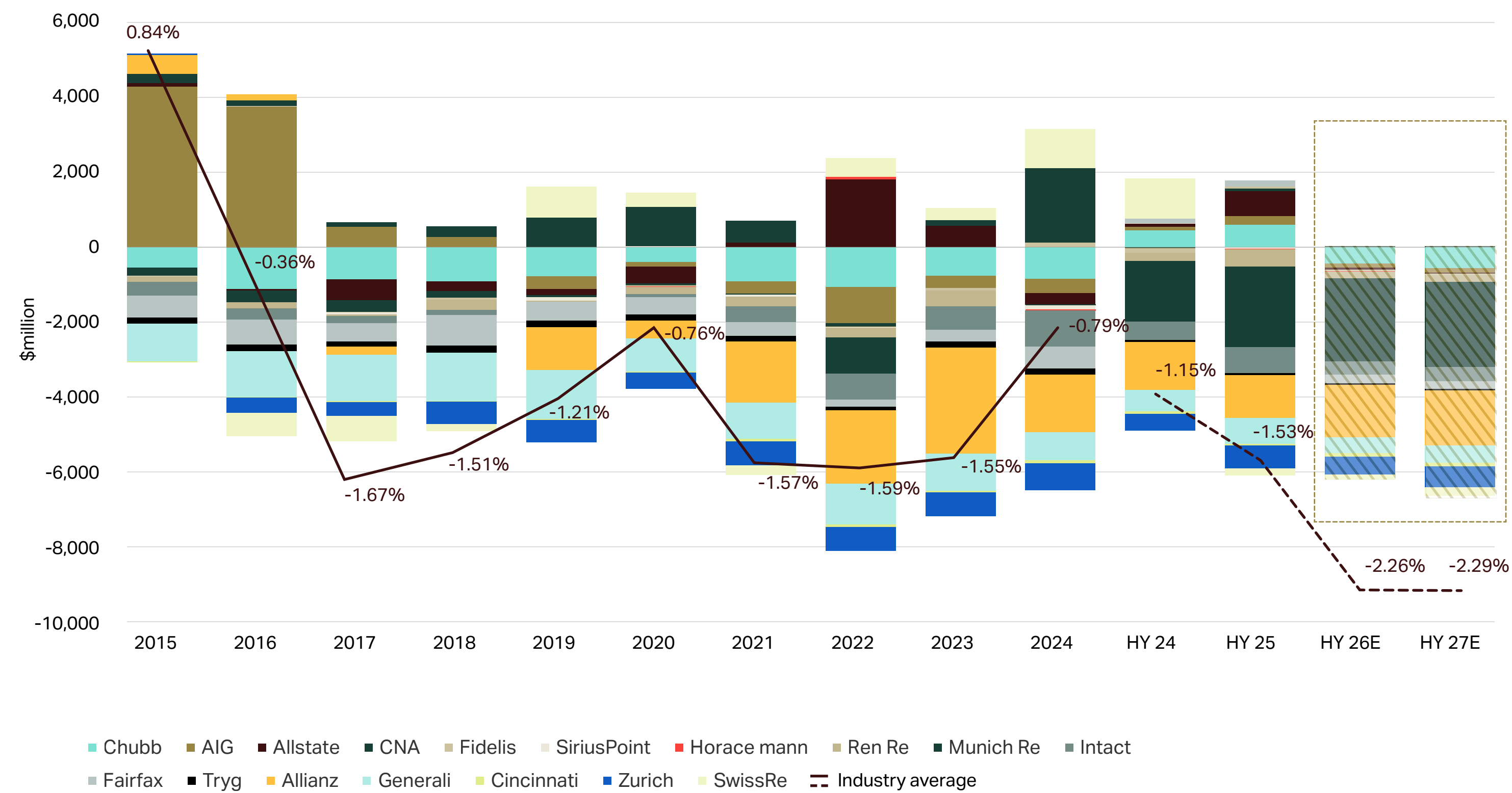
“ Christoph Jurecka  
CFO, Munich Re

Reserve development

# Net calendar year reserve releases driven by property, short-tail and comp

Greater optimism set for H1 forward prior year development

Prior year development by (re)insurer



Source: Nova, S&P Cap IQ, Bloomberg, Annual and half year reports

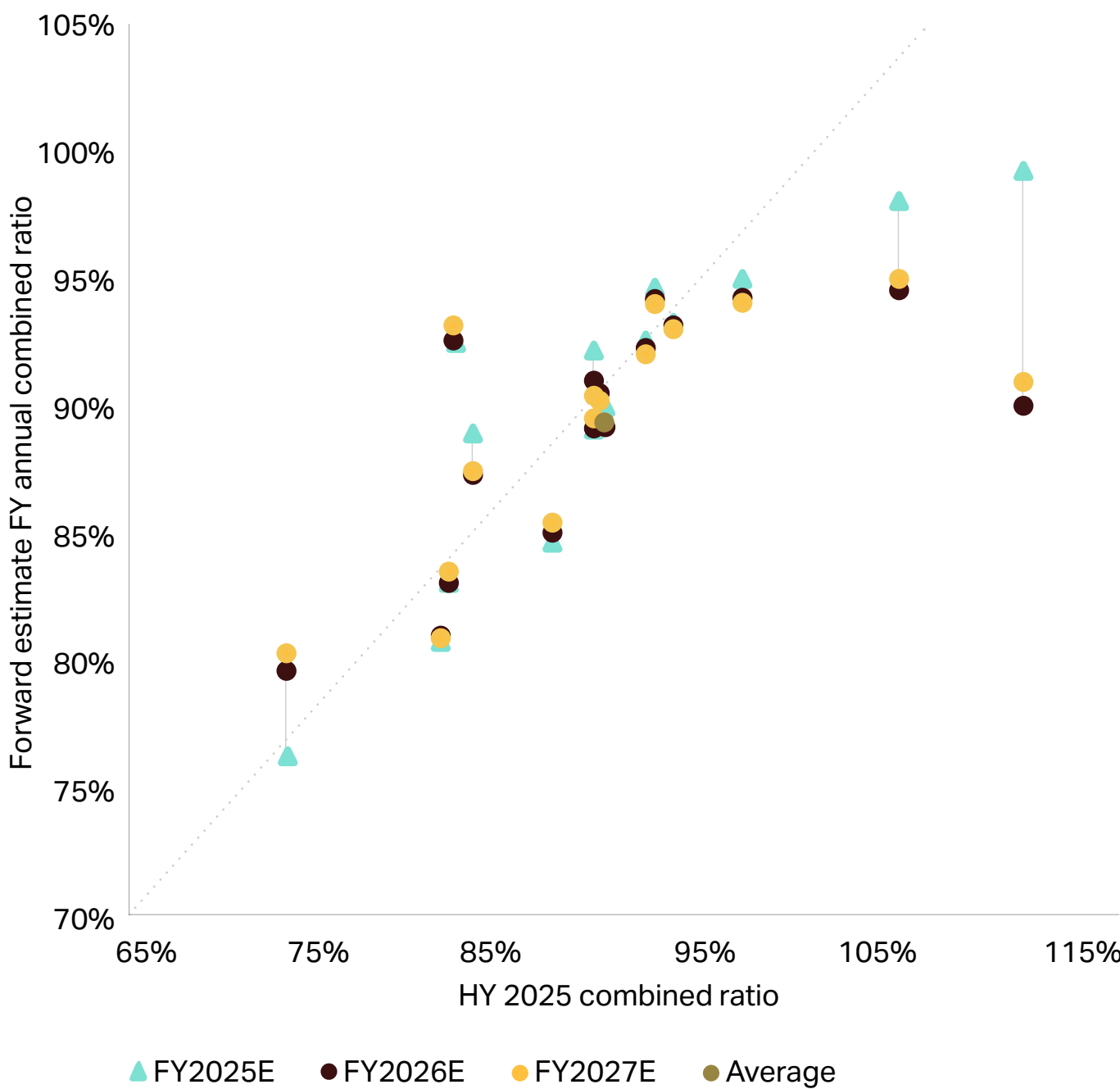


Source: NOVA, company annual reports & investor presentations, Estimates from S&P, Insurance Insider  
Note(s): The composite collected represent a mix of 16 insurance and reinsurance companies

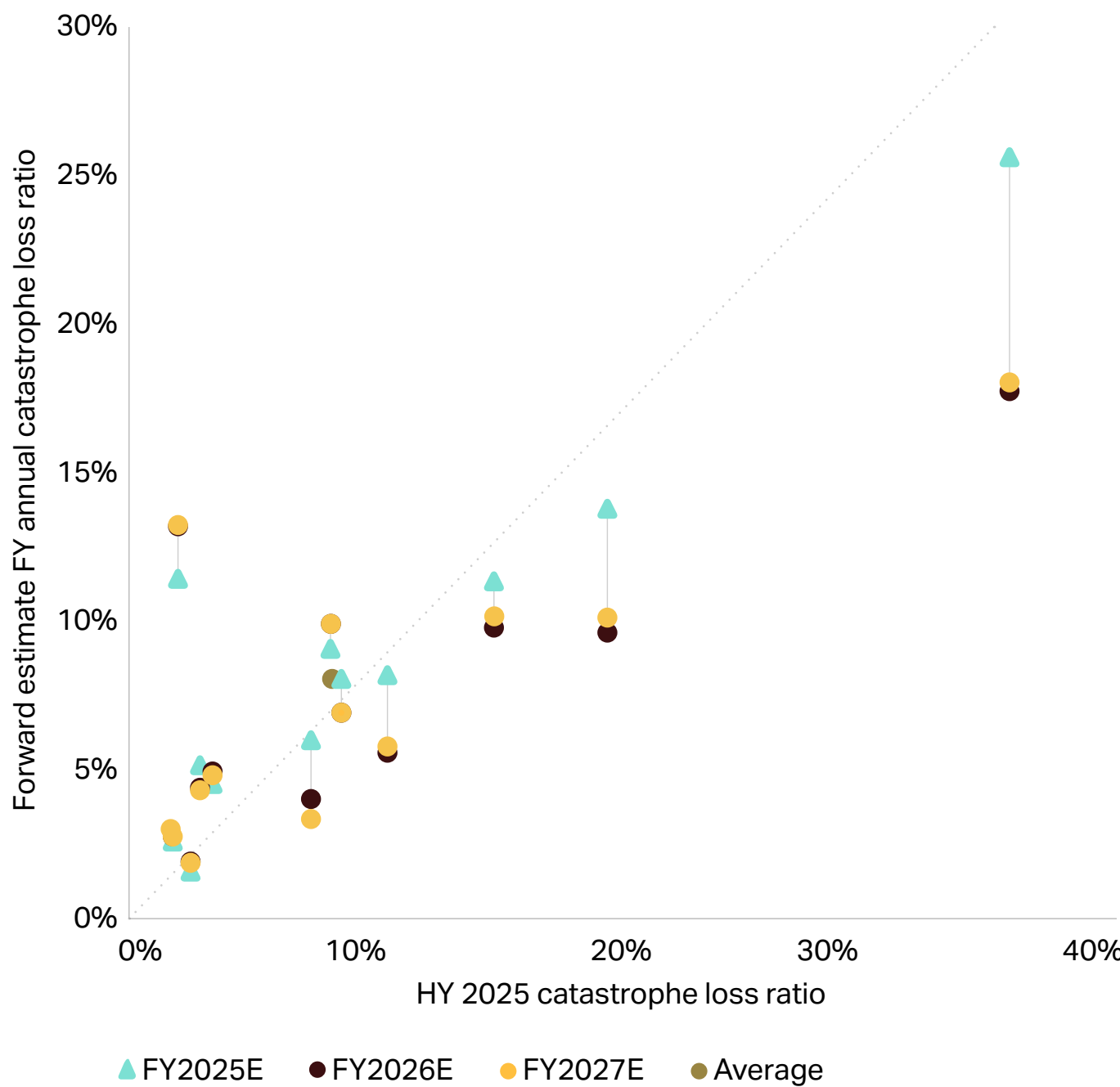
# Forward combined ratio optimism driven by manageable cat losses

Generally, forward profitability estimates continue to trend favourably for most, with a diversified business and geographic spread

Combined ratio  
HY25 vs FY forward estimates



Catastrophe loss ratio  
HY25 vs FY forward estimates



“Cincinnati Q2 release

The Q2 P&C Reinsurance combined ratio improved 12.7 points to 61% compared with 73.3% in Q2 2024, with major loss ratio at -2%. The result is tracking well ahead of its 87.9%combined ratio target for full year and would have been 79.6%, the company said.

“Munich Re, Insurance Insider

Source: Insurer earnings transcripts, Investor presentations, Insurance Insider, Sell side research notes  
Note(s): Quotes are taken with the purpose to outline theme, wording may be adjusted

# How are (re)insurers preparing for the next phase of the cycle?

Strategic shifts in underwriting, capital deployment and portfolio management amidst changing market dynamics

## Targeted growth and capital confidence

Investing boldly and returning capital – insurers doubling down on profitable opportunities

Chubb exercising discipline by **“walking away where necessary”** and not writing business below an adequate price... “middle market and small commercial property remain much more disciplined and orderly. Rates continue to rise, and we’re growing property in this area. Evan Greenberg CEO

Over half of Hiscox is Retail. The company is currently **making a big push on growth there, which will help to offset the impact of a cyclical headwind** building against Re and LM operations. Supported by geographic expansion, niche segments like UK vets and US life sciences, and a pricing tailwind. Autonomous

AIG growth is focused in US casualty where pricing is attractive. “The company is growing nicely in areas where there is attractive pricing (US casualty), and **shrinking in areas where rates are less attractive”** Morgan Stanley

Fidelis **“Aggressive capital return strategy** via expanded buybacks and dividend increase. \$200 million repurchase authorisation signals strong capital position.” KBW

## Reserve strength and financial prudence

Conservative reserving and capital stewardship – fortifying balance sheets for long-term resilience

Markel **“We expect our reserving philosophy to continue to produce prior year loss takedowns in future periods.** We expect all of our actions to drive an improved attritional combined ratio in the back half of 2025 and continued improvement into 2026. CFO Brian Jeffrey Costanzo

“Prices and conditions on the reinsurance market remain on an adequate level. At the same time, **we have further strengthened Hannover Re’s resilience and continue to invest in our efficient positioning and capacity for innovation”** CEO Clemens Jungsthoefel

Generali “Pricing and claims trends in its key retail motor and non-motor markets in continental Europe appear to be leading to a strong expansion in underwriting margins. In addition, **ongoing efficiency measures should also lead to material improvements** in the P&C expense ratio.” JP Morgan

Canopius CEO Neil Robertson pointed to strengthened balance sheet again this half year, as investment return from its investment portfolio continues to “trend positively... We continue to **maintain a prudent reserving position** and have a robust capital surplus” Insurance Insider

## Tactical rebalancing and risk focus

Sharpening portfolio exposure and underwriting discipline in uncertain conditions

Conduit rebalancing its portfolio toward XoL reinsurance. “[It will] **reduce our exposure to attritional losses,** which is more difficult to control when rates are softening, improve diversification within our portfolio [and] allow us to better control our net exposures through retro coverage.” Insurance Insider

SCOR” - “We have steered our capital allocation proactively in the last 6 months by **adapting our portfolio mix to the more competitive market we are in... adopted a more dynamic retrocession approach,** helping us to improve our net combined ratio SCOR Q2 2025 earnings transcript

Lancashire remains “happy to grow” its portfolio at this stage in the market cycle...”we have an amount of capital we want to deploy into the cat space, but **we’ve done a lot of work to diversify the rest of our portfolio,** so we’re happy where we are” CEO Alex Maloney

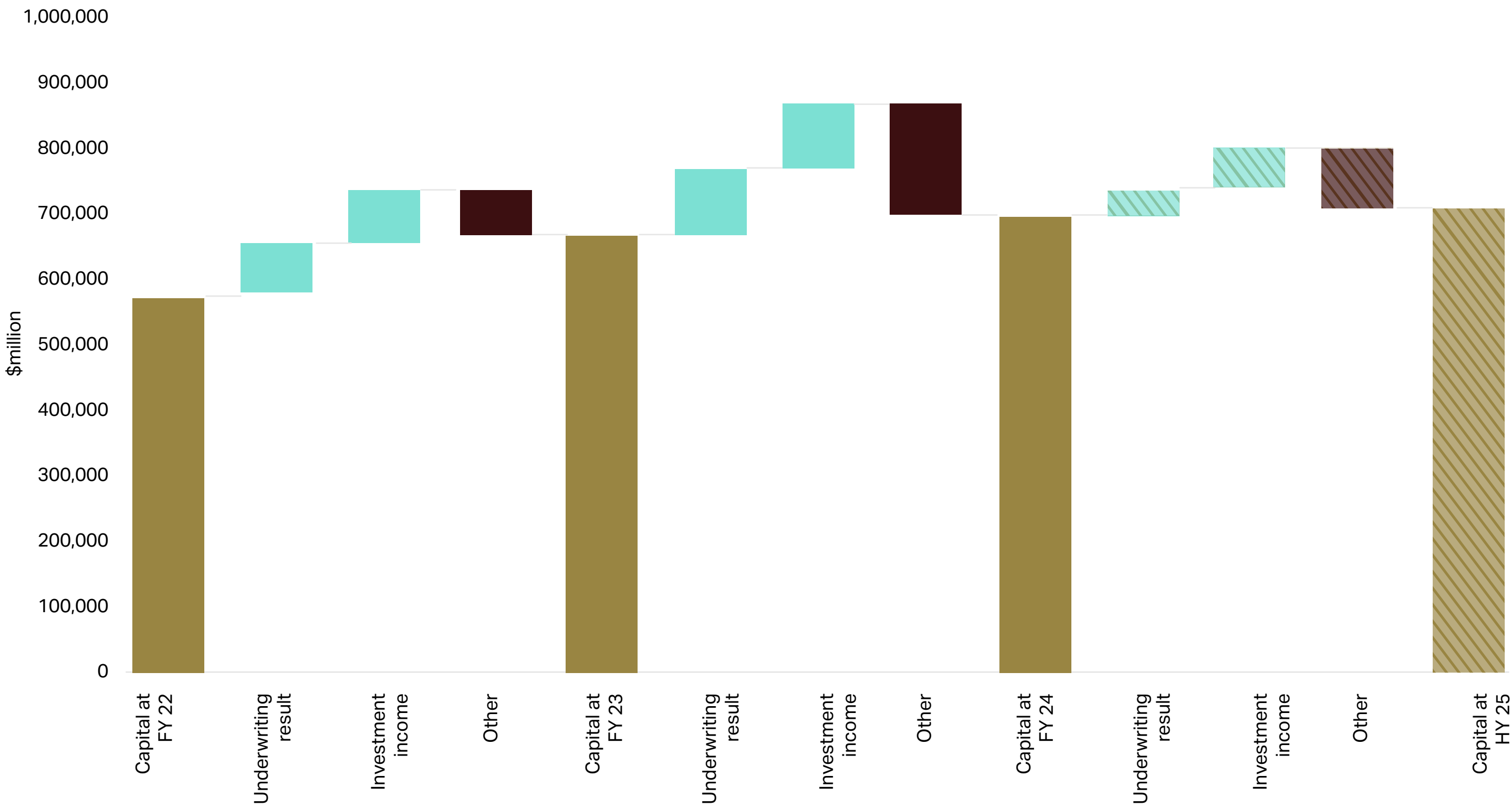
Zurich Re posted a record business operating profit of \$4.2bn “This performance underscores our ability to **effectively manage our diversified portfolio, strong capital position** and high cash conversion to deliver continued, industry-leading value to our shareholders, even in a volatile market environment.” CEO Marc Greco



# Composite capital has increased in an environment of strong share buybacks

## Investment and underwriting results continue to support earnings

Composite capital changes (FY 22 - HY 25)



“ It’s no surprise to us the market is softening... but, on an underlying basis, our view is this is not a soft market. **Lancashire**

“ The reinsurance market, at the mid-point of 2025 can be characterised by increasing reinsurance capital and a growing willingness to deploy this capital in what is an attractive environment. **Hannover Re CEO Clemens Jungsthoefel Insurance Insider**

Source(s): NOVA, S&P Capital IQ  
Note(s): Other includes dividend payouts, other operating income (loss) and other comprehensive income (loss). Composite includes a variation of 32 (re)insurance companies globally

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Proactive strategic  
planning is essential  
during this market phase;  
reactive approaches can  
heighten volatility exposure

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# Summary and outlook



## Capital returns

continue to support  
investor inflows



## Optimism for FY earnings

given manageable losses  
and prior year rate increases  
sustaining underwriting margins



## Focus on favourable lines

as risk appetite shaped by  
competitive dynamics



## Innovation is essential

optimal risk selection is key  
as the pricing tailwind abates



# If you would like to discuss this report in more detail, please get in touch with one of our experts:



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