

Howden Re Business Intelligence

March 2026

Transitioning beyond the hard market

(Re)insurer earnings overview full year

An industry report by Howden Re

HOWDEN

FY 2025 overview

January renewals

Reinsurance spend performance

Improved combined ratios

Reserve development

Rate cycle

M&A and ROE cycle

Composite capital

Cat loss load

Strait of Hormuz

Outlook themes

Summary and outlook

Contacts

FY 2025 overview



Returning to a softening market

The past year has seen a decline in pricing, reflecting the softening market.



Sector capital is robust

Growth underpinned by underwriting discipline, investment performance and growing returns to shareholders.



Rising deal activity

M&A has increased, correlating with rising industry returns on equity.



Hard market effects linger

Lower cession rates led to a wider spread in gross-to-net loss ratios, to the benefit of reinsurers' recent profitability.



Ongoing reserve releases

Favourable prior year development remains a contributor to overall profitability.

The market in perspective

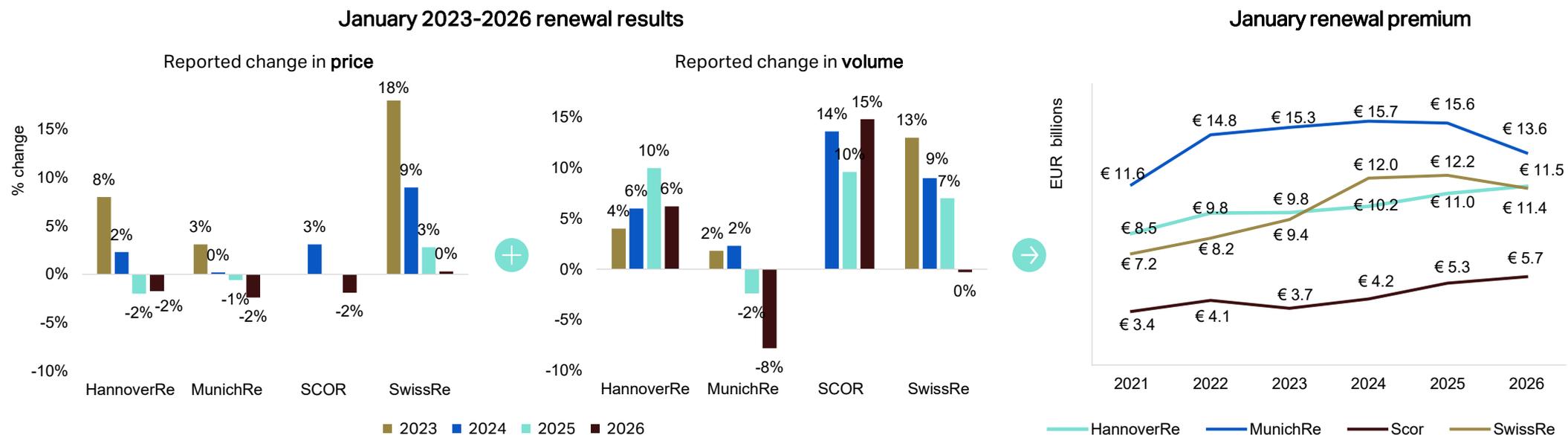
(Re)insurer earnings overview full year 2025.

An industry report by Howden Re

FY 2025 overview

January renewal premiums decreased by 4.2%, driven by lower pricing

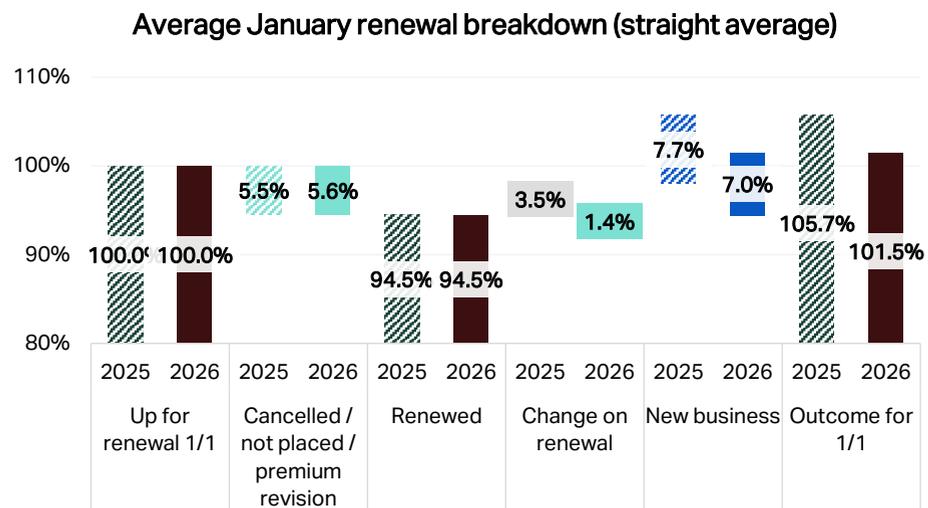
Reinsurers experienced price declines at 1.1 due to more intense competition



Source(s): Hannover Re, Munich Re, SCOR and Swiss Re, investor presentations and reports.

Note(s): SCOR's renewal breakdown is for their treaty book of business, and is based on EGPI (Estimated Gross Premium Income, U/W year) in 2025.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re



- The major shift from last year was the overall change on renewal, this was down 1.4% compared to the 3.5% increase the previous year.
- **Terms and conditions remained largely intact at renewals** as cedents focussed on securing lower pricing, as opposed to coverage expansions.
- Both Hannover Re and SCOR reported a price decline more significantly pronounced in non-proportional reinsurance, reflecting more intense competition. On the contrary, 75% of Munich Re's 7.8% volume decline was in proportional reinsurance.
- **Increasing volume and increased retrocession offsetting price decline in some books.**
- Hannover Re purchased increased retrocession >16% for 2026, at prices that improved at least as much as assumed reinsurance rates fell.

Source(s): NOVA, company annual reports & investor presentations.

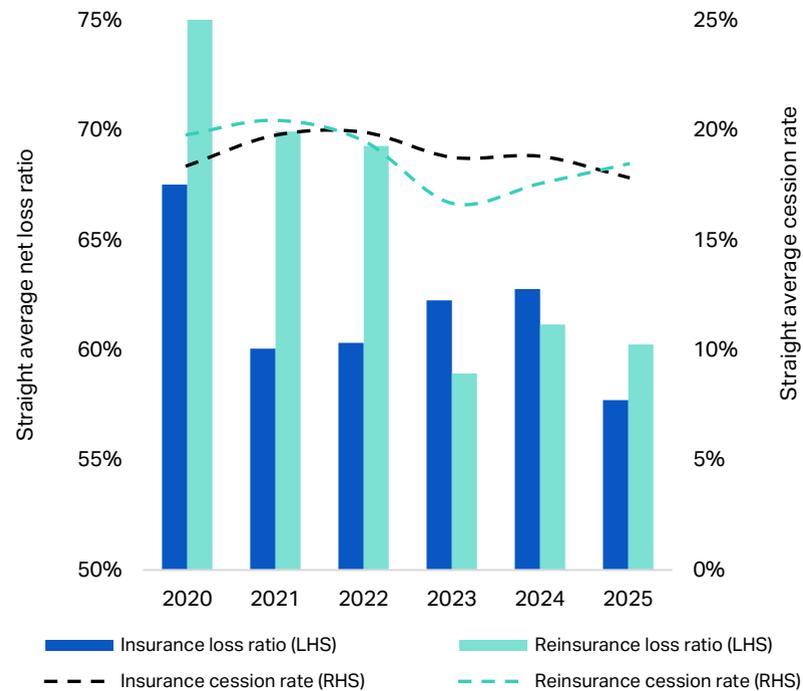
Note(s): Insurance/ reinsurance split out by individual reported segment where disclosed. IFRS-17 reporting standards loss ratios use net insurance revenue as a denominator. Combined composite of 25 (re)insurers used.

The market in perspective
(Re)insurer earnings overview full year 2025.
An industry report by
Howden Re

Higher cedent retentions resulted in widening gross-net losses in 2023-24; this trend reversed for insurers in 2025

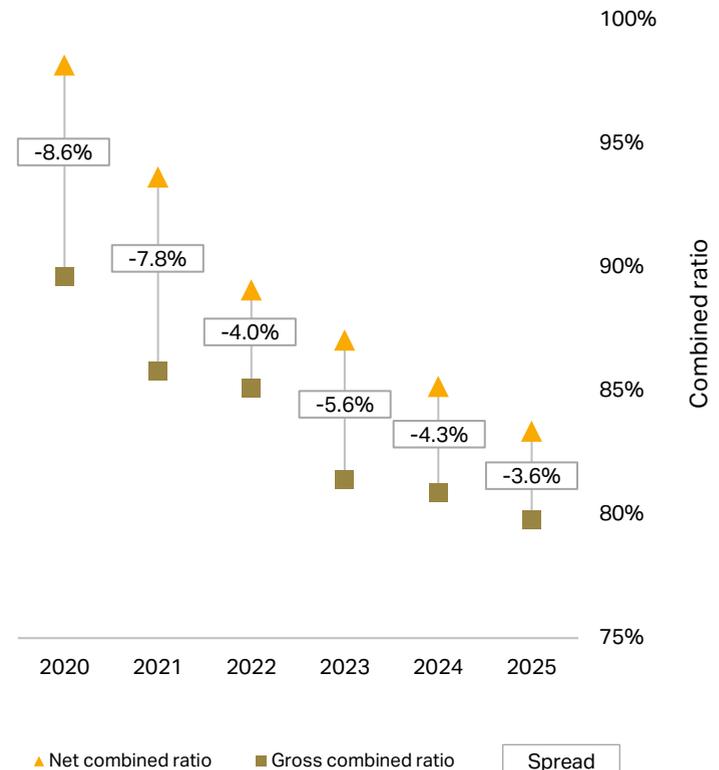
There is a correlation between reinsurance cessions, volatility and gross-net combined ratio spreads

Loss ratio vs cession rate by insurance vs reinsurance



2020 - 2025 Average	Insurance	Reinsurance
Loss ratio	60.6%	63.9%
Loss ratio volatility	3.3%	6.7%
Cession rate	19.0%	18.6%

Industry gross vs net combined ratio



“

Our total catastrophe reinsurance limit that we purchased this year... was just over \$11 billion – that’s up \$2 billion from last year.

CFO, Allstate at HY25

“

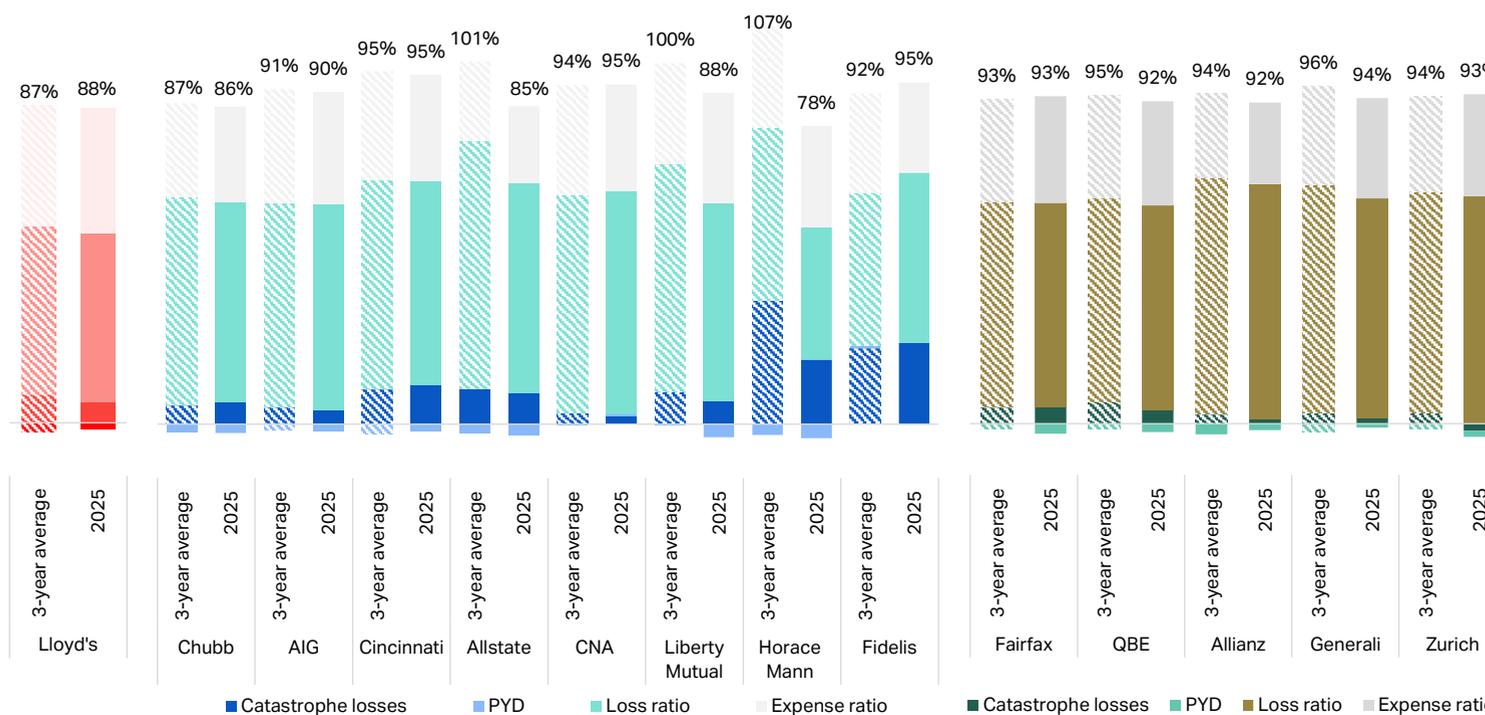
We purchased a significant amount of ceded reinsurance in the Casualty & Specialty business and found attractive opportunities at 1/1 to increase our protection.

CUO, Ren Re

Recent combined ratio performance has been stronger across the board

Driven by lower catastrophe losses and net favourable development (all lines)

Combined ratio breakdown by (re)insurer



Source: NOVA, company annual reports & investor presentations.

Note(s): Horace Mann is based on property segment performance.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re

“

On an underlying basis, our combined ratio was 85.7%, essentially flat year-over-year as higher expense ratios were largely offset by improved non-catastrophe loss performance, particularly in U.S. retail markets.

Liberty Mutual

“

The combined ratio of 78.3% improved significantly primarily due to lower catastrophe losses, while retention remained strong.

Horace Mann

GAAP	GAAP		
	3-year average (2022-2024)	2025 average	Change
Catastrophe loss ratio	7.46%	6.75%	-0.71 points
Prior year development ratio	-0.60%	-2.70%	-2.09 points
Loss ratio	62.28%	56.78%	-5.51 points
Expense ratio	26.55%	26.80%	+0.25 points
Combined ratio	95.70%	87.63%	-8.07 points

IFRS	IFRS		
	3-year average (2022-2024)	2025 average	Change
Catastrophe loss ratio	3.63%	2.15%	-1.48 points
Prior year development ratio	-2.27%	-1.95%	+0.32 points
Loss ratio	65.62%	64.75%	-0.87 points
Expense ratio	27.36%	27.75%	+0.39 points
Combined ratio	94.31%	92.71%	-1.61 points

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios

Reserve development

- Rate cycle
- M&A and ROE cycle
- Composite capital
- Cat loss load
- Strait of Hormuz
- Outlook themes
- Summary and outlook
- Contacts

Source: NOVA, company annual reports & supplementary financial disclosures.

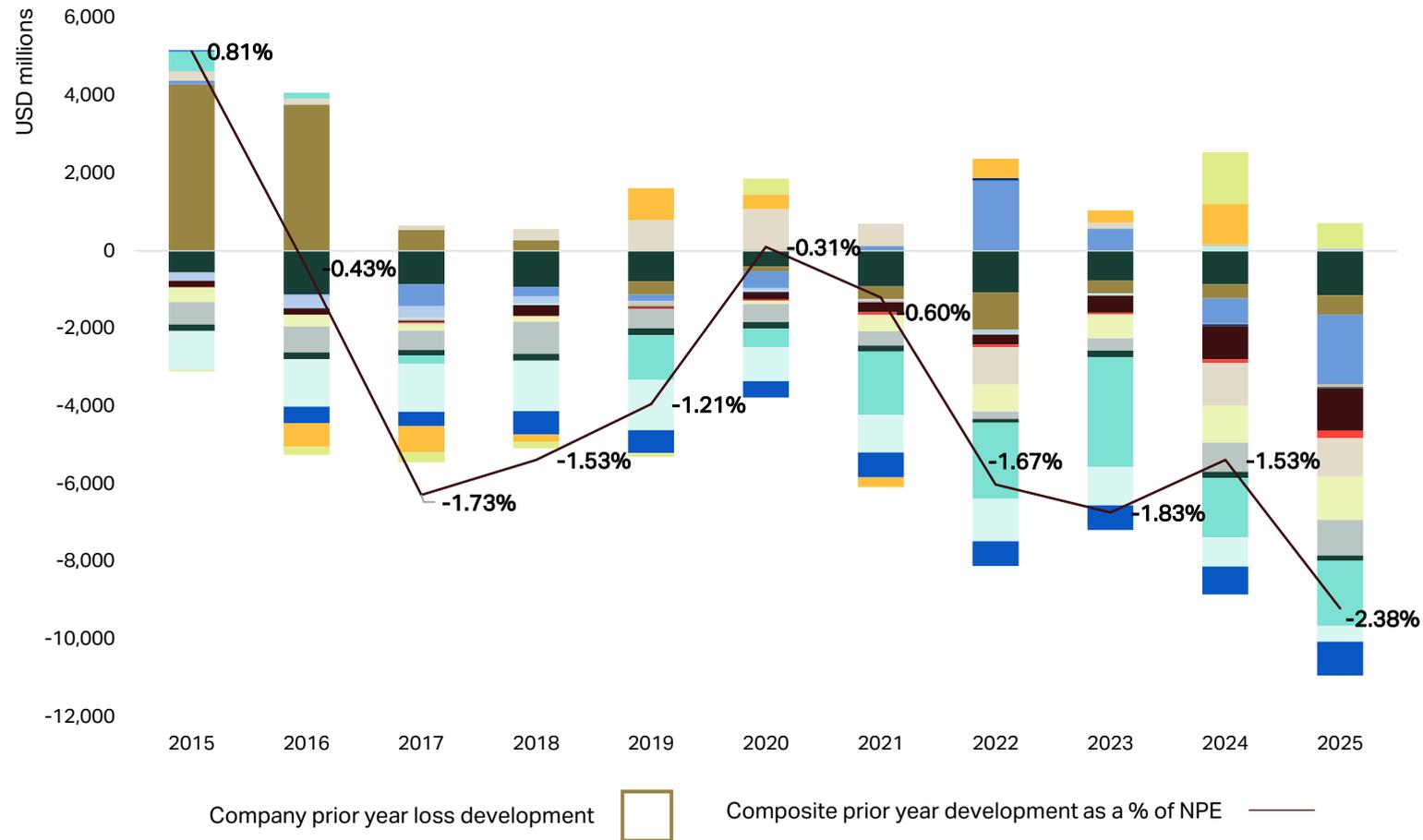
Note(s): 2024 industry average restated post including Munich Re's reserve strengthening of -8.5%. The composite includes a variation of 18 companies.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re

Despite US general and commercial auto liability strengthening, reserve development remains a source of profitability, surprising to the upside in 2025

Reserve releases remain a material contributor to profitability in FY25 as (re)insurers offset prior year uncertainty with higher first year % IBNR estimates and higher pricing

Prior year development by (re)insurer



“ More recently, we're being conservative in our accident year picks, putting **extra margin in for our longer tail lines**. It really puts us in a position where we view our reserves as a position of strength, and we've put that **additional margin in our Casualty loss picks**. And it's largely related to macro uncertainties, and it's not related to any deterioration in our underlying portfolio.

CFO, AIG

“ The 3 primary drivers of increased income were better underwriting losses, lower catastrophes and **the benefit of reserve releases from prior years and adjustments within 2025**. Net income for the quarter was \$3.8 billion.

CEO, Allstate

Reserve development

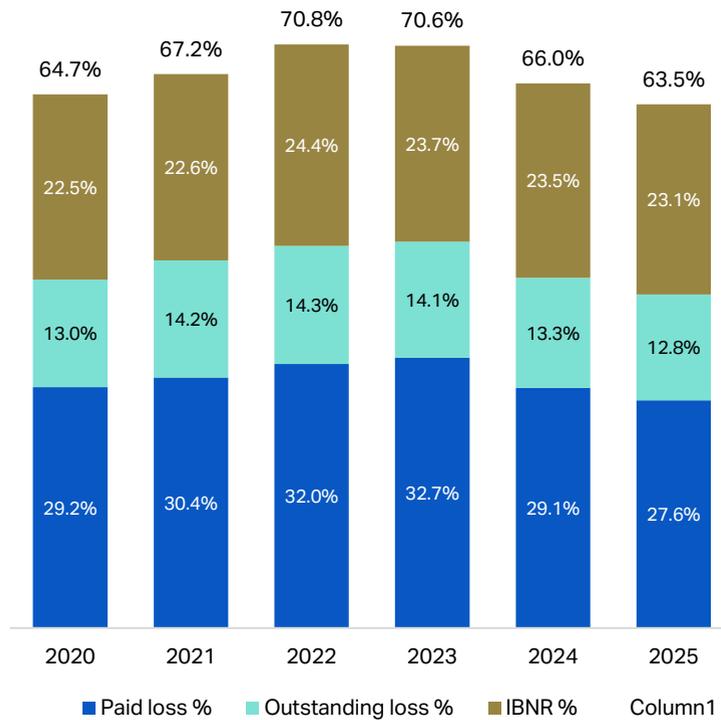
Source: NOVA, Dowling

Note(s): OLO – Other Liability Occurrence, OLCM, Other Liability Claims Made, RNPAL - Reinsurance non-proportional assumed liability. Property includes special property, homeowners/farmowners, commercial multi peril.

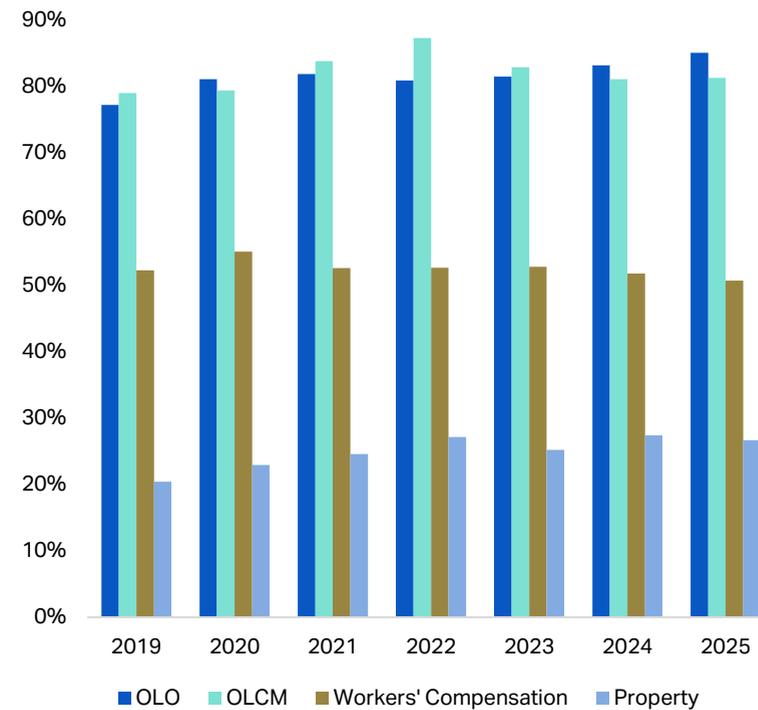
Accident year loss ratios improved in FY2025; reserve movements varied by class

Reserves in aggregate appear adequate offset by concerns in liability lines including in recent accident years

Total market first year ultimate loss ratio split by accident year



First year as a % of IBNR claims



OLO once again saw notable adverse development across the soft market years but notably, the more recent accident years (2020-2024) showed significant adverse development- consistent with our view that given the higher for longer loss cost trends, ultimate results are unlikely to be as good as originally expected when the business was written.

Dowling

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development

Rate cycle

- M&A and ROE cycle
- Composite capital
- Cat loss load
- Strait of Hormuz
- Outlook themes
- Summary and outlook
- Contacts

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

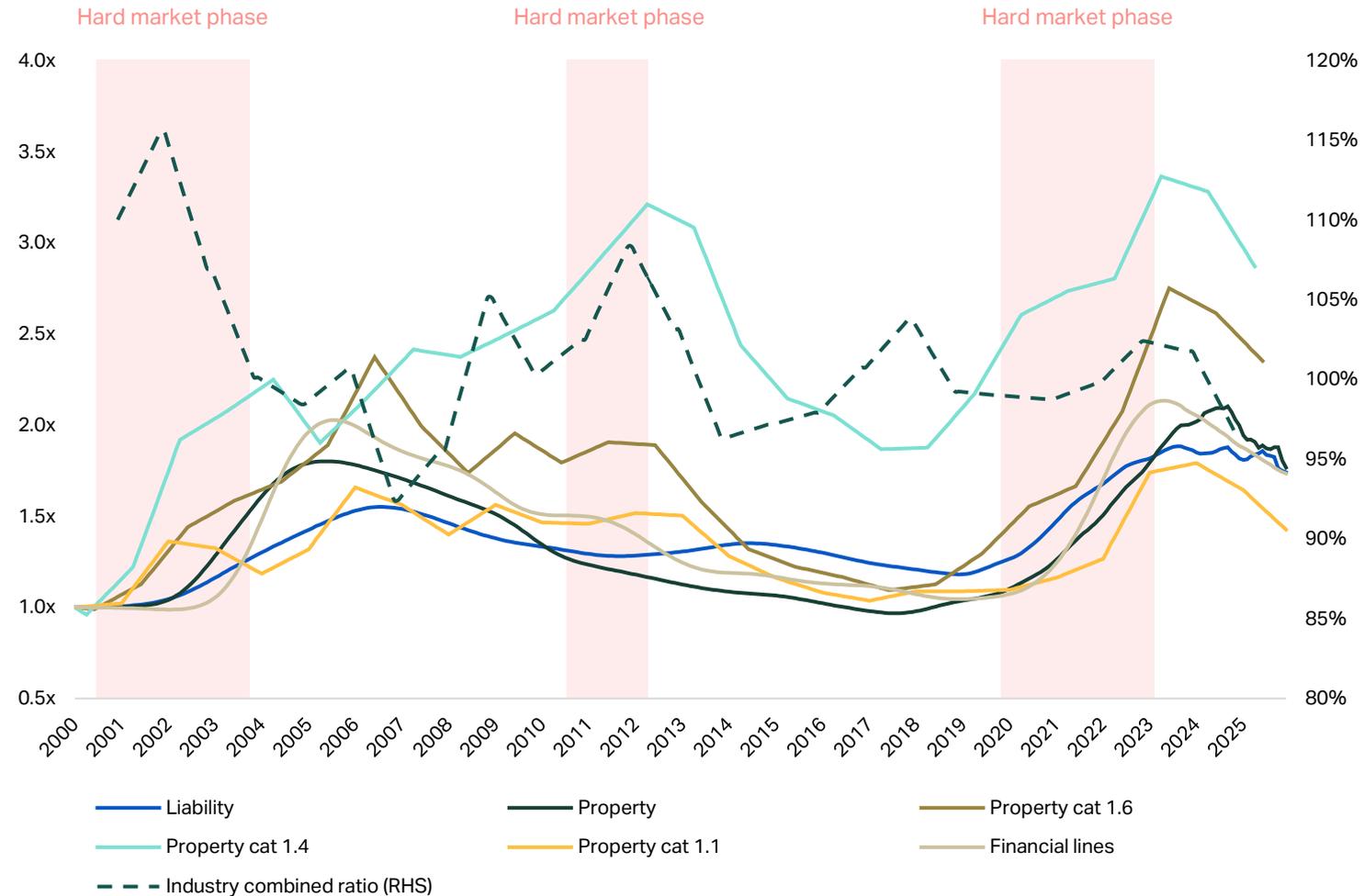
Notes: Industry combined ratio represents the P&C market.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re

Rate momentum has turned following the hard market peak

Signs of softening are clear, and most evident in property and financial lines

Risk adjusted rate change index and combined ratio since 2000



“ Pricing has reverted broadly to 2022 level and remains well above the 2018 trough. **FitchRatings**

“ After years of significantly improved rates, property and casualty reinsurance now finds itself moving back into a softening market. **CEO, Hannover Re**

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle

M&A and ROE cycle

- Composite capital
- Cat loss load
- Strait of Hormuz
- Outlook themes
- Summary and outlook
- Contacts

Source(s): Sources: NOVA, Bloomberg, Fitch ratings, Solactive, Yahoo finance, Insurance Journal, S&P Capital IQ.

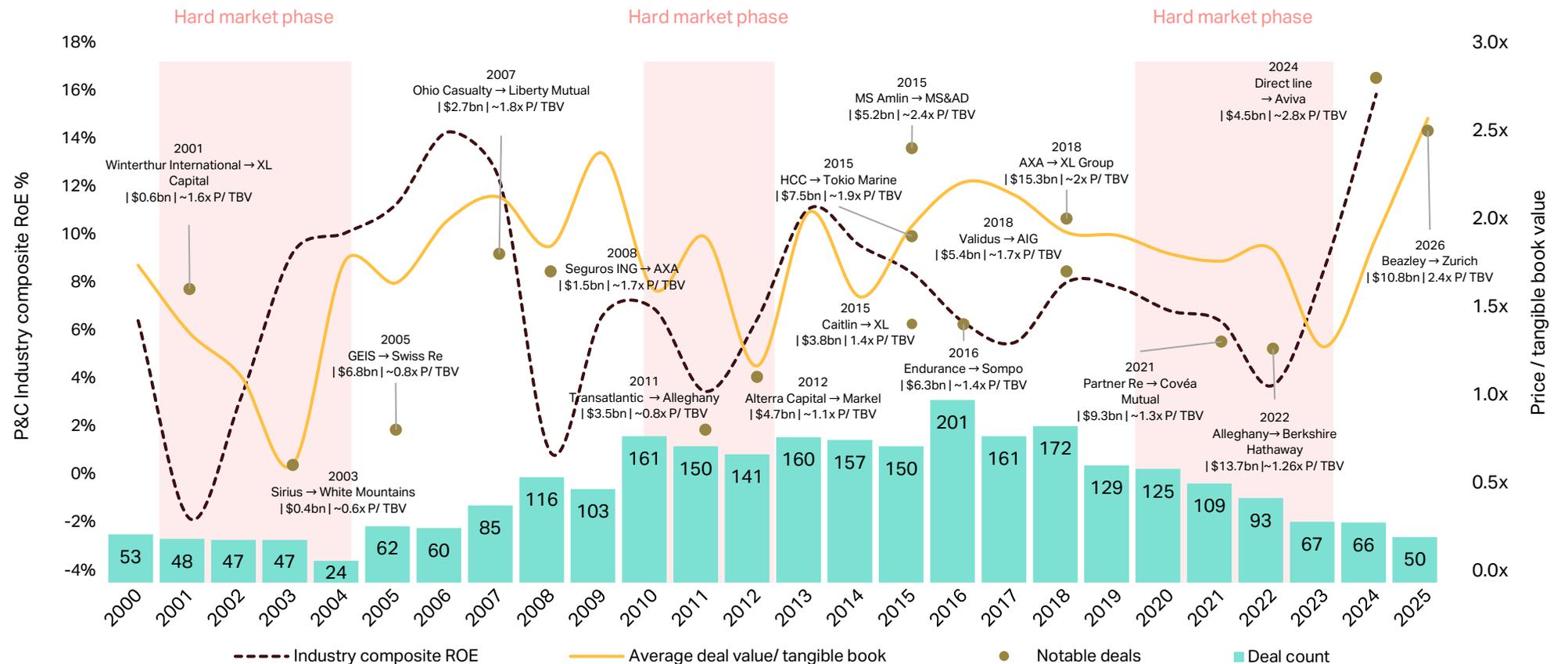
Notes: Price-to-tangible-book used where available; otherwise deal value/ tangible book value estimate used for transactions with limited P/TBV disclosure. Time period refers to date of announcement. Industry ROE represents the P&C market.

The market in perspective
(Re)insurer earnings
overview full year 2025.
An industry report by
Howden Re

Returns on equity correlate with M&A deal multiples

As competition for growth increases during soft market cycles, M&A activity begins to accelerate

Industry ROE and deal multiples since 2000



Period	Market Description
2001-2005	Post 9/11 hard market, reduced appetite for large M&A
2006-2008	Soft market peak, M&A picks up
2009-2011	GFC & Tohoku losses driving market trough and strategic retrenchment
2014-2018	Mega-consolidation wave
2020-2024	Hard market, U/W focus. Deal count declines.

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle
- M&A and ROE cycle
- Composite capital**
- Cat loss load
- Strait of Hormuz
- Outlook themes
- Summary and outlook
- Contacts

Source: NOVA, S&P Capital IQ, Fitch, Insurance Journal.

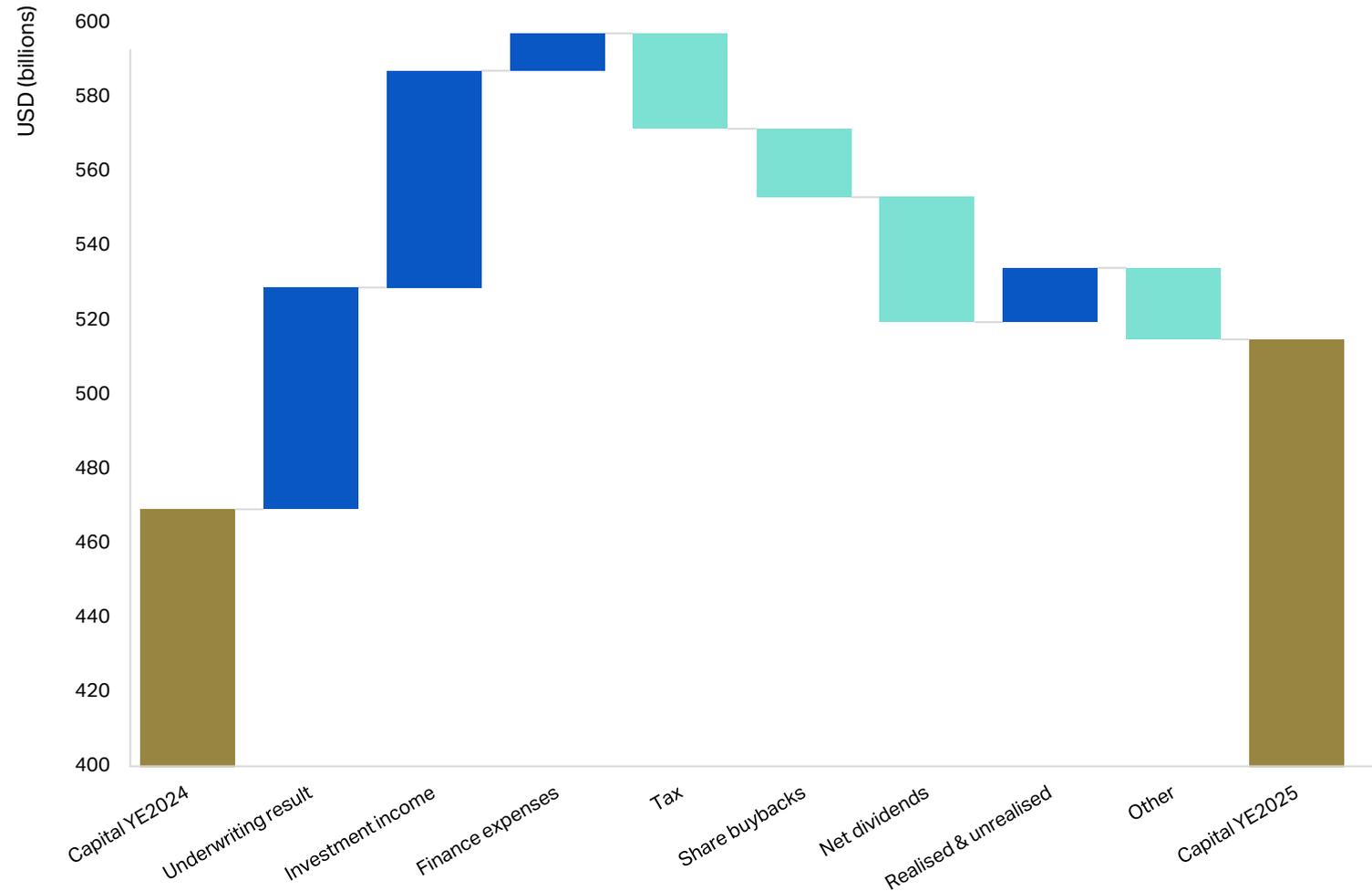
Note(s): Other includes dividend payouts, other operating income (loss) and other comprehensive income (loss). Composite includes a variation of 28 (re)insurance companies globally.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re

Composite capital continued to rise, driven by earnings

Strong investment and underwriting returns drove capital growth, even as dividends and share buybacks increased

Composite capital changes in 2025



“

FY2025 results were genuinely exceptional: Swiss Re at 19.6% ROE, Ren Re at 25.9%, Munich Re at c.20% but these results are almost certainly the peak. The capital they generated is now the primary driver of the softening they face in 2026.

Insurance Journal

“

Capitalization is projected to remain very strong, allowing sustained high levels of capital repatriation while providing ample headroom to absorb unexpected large losses, and combined ratios are expected to deteriorate only slightly in 2026.

Fitch

FY 2025 overview

January renewals

Reinsurance spend
performance

Improved combined ratios

Reserve development

Rate cycle

M&A and ROE cycle

Composite capital

Cat loss load

Strait of Hormuz

Outlook themes

Summary and outlook

Contacts

“

The debate for 2026 is not whether economic returns will compress – they have – but whether discipline around pricing and structures, combined with resilient investment income and positive reserve movements can keep returns above the cost of capital.

The market in perspective

(Re)insurer earnings
overview full year 2025.

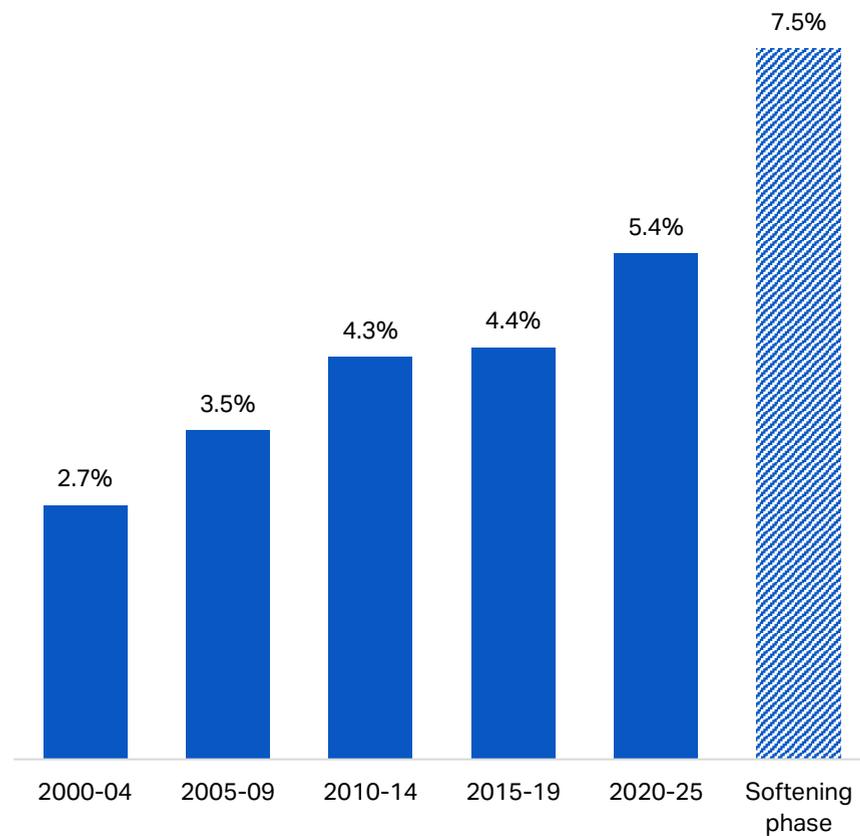
An industry report by
Howden Re

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle
- M&A and ROE cycle
- Composite capital
- Cat loss load**
- Strait of Hormuz
- Outlook themes
- Summary and outlook
- Contacts

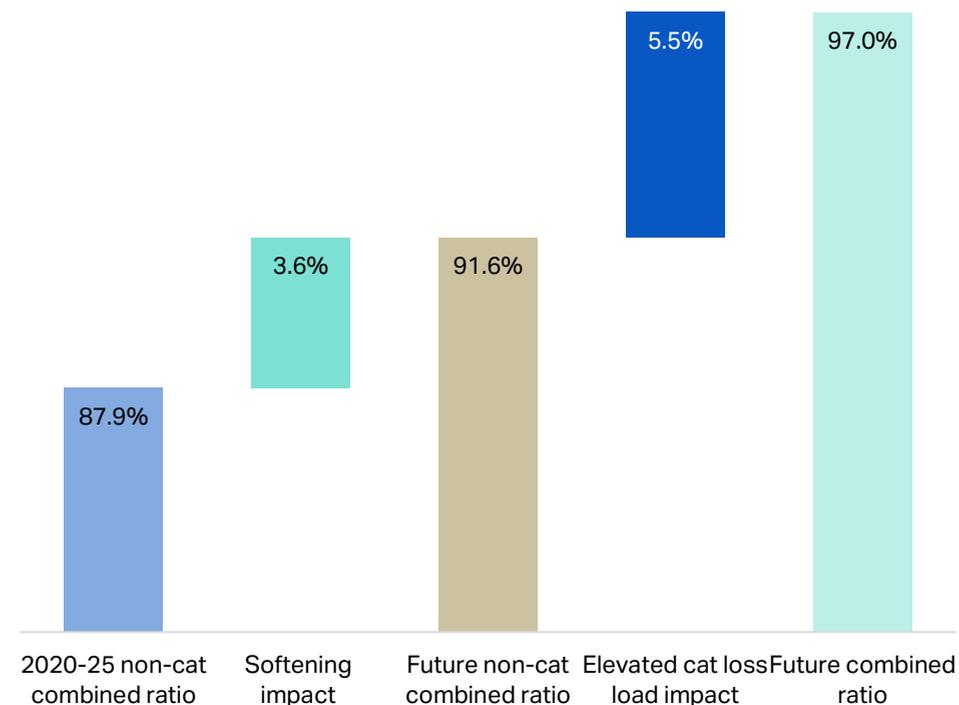
Catastrophe loss loads have doubled from 2000-04 to 2020-25: This pressures underwriting margins as the market softens

Projected softening would compress underwriting margins from 6.6% to 3.0%

The average loss load rose from 2.7% in 2000-04 to 5.4% in 2020-25, with the largest increase occurring in the most recent period



Estimated impact of market softening and elevated catastrophe losses on the combined ratio



Source: [Howden Re Time to act report](#), Howden proprietary research.

Note: Includes a severe Q3 loss scenario to the estimate of the soft mark impact. Estimate combined ratio softening impact is based on 100% minus the 2020-25 average combined ratio.

The market in perspective
(Re)insurer earnings overview full year 2025.
An industry report by Howden Re

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle
- M&A and ROE cycle
- Composite capital
- Cat loss load
- Strait of Hormuz**
- Outlook themes
- Summary and outlook
- Contacts

The Strait of Hormuz conflict is creating stress across multiple specialty lines, but the real pressure point may be ‘macro’

Despite elevated uncertainty created by the conflict, industry capacity remains stable and highly responsive

Line of Business	Impact	Key Driver
Marine War Risk	Extreme	Mass cancellations, 1,000%+ premium increases
Marine Hull & Machinery	Severe	Physical vessel losses, AP increases 25–50%+
Marine Cargo (energy/bulk)	Severe	Voyage-by-voyage pricing, rerouting costs
P&I / Marine Liability	High	Crew casualties, pollution risk, cancellations
Energy – Downstream (refineries/LNG)	Severe	Direct infrastructure strikes, BI losses
Energy – Offshore	High	War risk extensions withdrawn or unpriced
Political Violence / SRCC	Severe	Unprecedented demand, multiples of prior pricing
Trade Credit / Supply Chain	Elevated	Port disruptions, rerouting, LC failures
Credit and Political Risk	Elevated	Greater risk if disruptions are prolonged, may lead to long lasting trade disruption
Cyber	Elevated	State-linked cyber attacks as conflict spillover
Aviation	Elevated	Airspace closures, missile risk

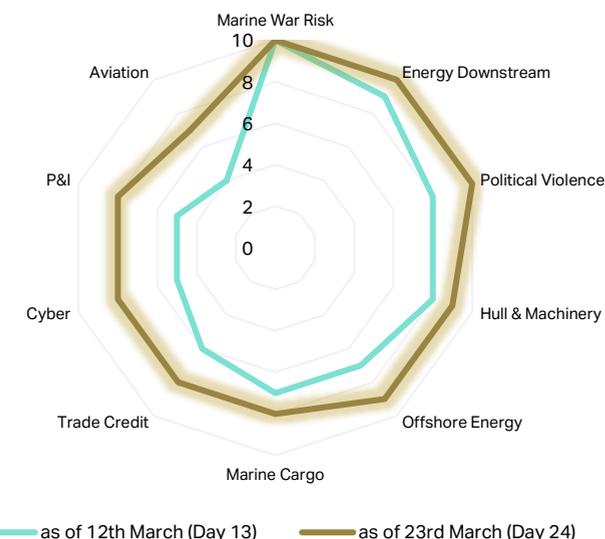
Expectations for the upcoming 1.4 renewal:

- For carriers who bought 'losses occurring during' reinsurance at 1.1, there is less uncertainty from an 'in-force' coverage standpoint. For those renewing at 1.4, there may be reinsurers focussing on regional coverage as negotiations take place; quotes coming in so far suggest no exclusions and a generally co-operative environment in which Middle Eastern exposures exist, but industry capital remains plentiful and resilient.

Source: Bloomberg, CMS LawNow, Lloyd's, Insurance Business, Insurance Journal.

The market in perspective
(Re)insurer earnings overview full year 2025.
An industry report by
Howden Re

Insurance severity score by line



Key structural differences of Ukraine / Russia conflict vs Strait of Hormuz:

- Following the Ukraine / Russia conflict, a series of structural reforms were introduced that have influenced future war-related events. These include composite risk approaches to un-bundling aviation war, marine war and political violence risks and the 'five powers clause' under which war between major powers (US, UK, France, China, Russia) is typically excluded from standard reinsurance treaties.
- Ukraine/Russia was primarily around sanctions and asset confiscation whereas the critical new variable with Hormuz is the scale of trapped asset exposure (\$25bn+ hull value in the Gulf), the single-point geography of the risk (everything goes through one 30-mile strait). The Red Sea / Houthis period from late 2023 to mid-2025 familiarised the marine war risk market where elevated pricing and restricted capacity already took place.

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle
- M&A and ROE cycle
- Composite capital
- Cat loss load
- Strait of Hormuz
- Outlook themes**
- Summary and outlook
- Contacts

What were the themes in companies' outlooks?

Digital transformation and AI-driven efficiency

Deploying advanced analytics and AI to streamline underwriting, claims, and distribution

"We've made significant progress embedding GenAI across our core underwriting and claims processes... We remain on track to complete our accelerated rollout." [CFO, AIG 2026](#)

"Delivering resilient earnings and leveraging a powerful data and AI platform to drive smarter decisions, deeper risk insights and long-term value for our clients." [CEO, Swiss Re 2026](#)

On the business side, our aim is to take decisions more quickly, be the first to anticipate business trends and risks, and to leverage our first-in-class, AI-supported expertise to seize business opportunities. [Munich Re](#)

"We will work to improve operational efficiency by scaling digital solutions and leveraging AI to eliminate some of the more routine tasks that our people don't enjoy... But machines don't replace human judgment." [CEO, Zurich North America](#)

Geographic expansion and growth initiatives

To drive long-term growth, companies are pursuing geographic expansion and targeting new markets

"At Sompo Group, we continue to expand and enhance... outside Japan. Through our overseas business, we are firmly committed to achieving profitable growth in new and existing markets." [CEO, Sompo P&C](#)

"We are expanding our global footprint, strengthening technical excellence, and investing in digital and AI capabilities, to deliver long-term value for our clients, our people, and our business." [CEO, Generali](#)

Disciplined capital strength for sustainable performance

A focused approach to maintaining robust solvency, optimising capital deployment, and delivering consistent outperformance through the cycle.

Financial targets through the end of 2030: RoE of over 18%; earnings per share to grow annually by more than 8% on average; total payout ratio set at more than 80% per year; solvency ratio to exceed 200% [Munich Re](#)

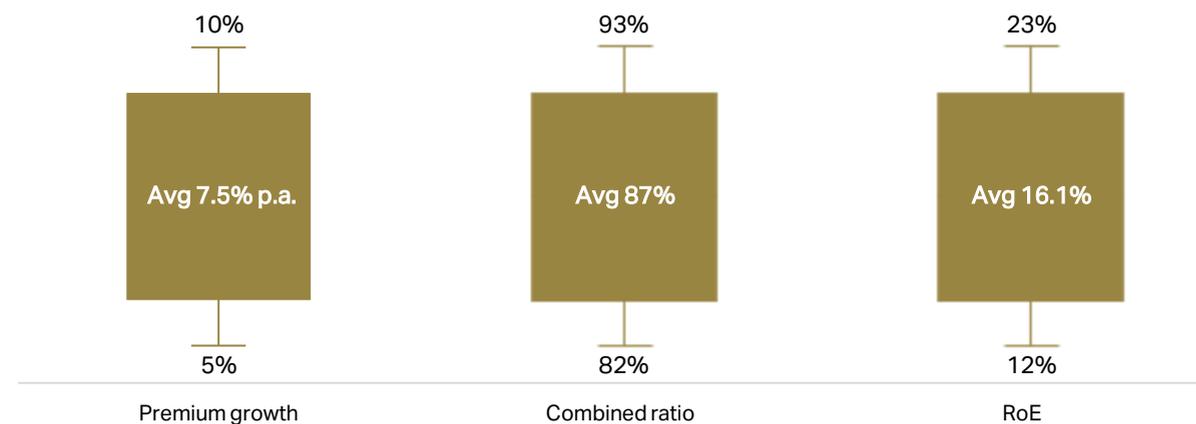
"Our proposed dividend of €1.9 per share ... offers an attractive dividend yield and demonstrates our ability to create sustainable value for our shareholders." [CEO, SCOR](#)

Source(s): 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.

The market in perspective (Re)insurer earnings overview full year 2025. An industry report by Howden Re

Average industry reported targets



Summary and outlook



Cycle has turned

The market is now clearly moving beyond the initial softening phase, with pricing pressure emerging even as underwriting discipline remains strong.



Financial strength persists

(Re)insurer earnings continue to improve, supported by lower catastrophe losses, and robust investment returns.



Risk selection and capital management are key

Higher insurer retentions have begun to normalise, composite capital remains elevated and the sector enters softening with strong balance sheet capacity.



Innovation and diversification are essential

Optimal risk selection is key as the pricing tailwind abates, emphasising greater importance to focus on technological advancements and portfolio strategy.

Summary
and outlook

- FY 2025 overview
- January renewals
- Reinsurance spend performance
- Improved combined ratios
- Reserve development
- Rate cycle
- M&A and ROE cycle
- Composite capital
- Cat loss load
- Strait of Hormuz
- Outlook themes
- Summary and outlook**
- Contacts

The market in perspective
(Re)insurer earnings
overview full year 2025.
An industry report by
Howden Re

FY 2025 overview
January renewals
Reinsurance spend performance
Improved combined ratios
Reserve development
Rate cycle
M&A and ROE cycle
Composite capital
Cat loss load
Strait of Hormuz
Outlook themes
Summary and outlook

Contacts

If you would like to discuss this report in more detail, please contact our experts:



Tim Ronda

CEO, Howden Re
tim.ronda@howdenre.com



David Flandro

Managing Director, Head of Industry Analysis and Strategic Advisory, Howden Re
david.flandro@howdenre.com



Michelle To

Managing Director, Head of Business Intelligence, Howden Re
michelle.to@howdenre.com

The market in perspective
(Re)insurer earnings overview full year 2025.
An industry report by
Howden Re



Howden Re
One Creechurch Place, London EC3A 5AF
+44 (0) 20 7398 4888
nova@howdengroup.com
howdenre.com

Howden Re is a trading name of Howden Reinsurance Brokers Limited and TigerRisk Partners (UK) Limited, both part of the Howden Group Holdings. Howden Reinsurance Brokers Limited is authorised and regulated by the Financial Conduct Authority in respect of general insurance business (FRN 531097). Registered in England and Wales under company registration number 7142031. Registered office: One Creechurch Place, London EC3A 5AF. Calls may be monitored and recorded for quality assurance purposes. These materials have been prepared by Howden Re to provide broad background information only and are based upon information from public and other sources which Howden Re believes to be reliable.

Howden Re does not perform and assumes no responsibility for the independent investigation or verification of such information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and forecasts of future financial performance, Howden Re has assumed that such estimates and forecasts have been reasonably prepared on the basis reflecting the best currently available estimates. No representation or warranty, expressed or implied, is made as to the accuracy or completeness of such information and nothing contained herein is, or shall be relied upon as, a representation, whether as to the past, the present or the future. The information contained herein is not intended to provide the sole basis for evaluating and should not be considered a recommendation with respect to, any transaction or other matter.

This communication has not been prepared with a view toward public disclosure under any securities laws and may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the prior written consent of Howden Re. 08/2025 13235-12