MAY 2026

Reinsurance
Market Report

RESULTS FOR FULL-YEAR 2025

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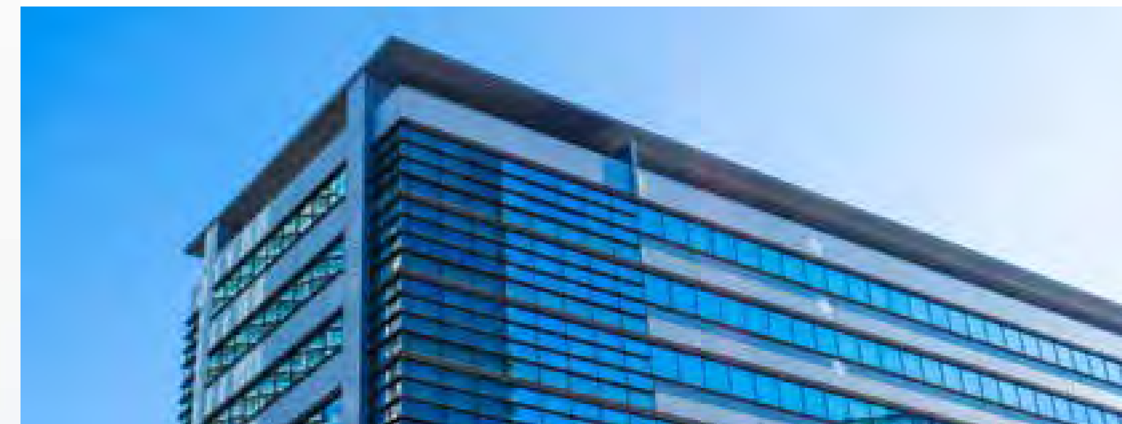
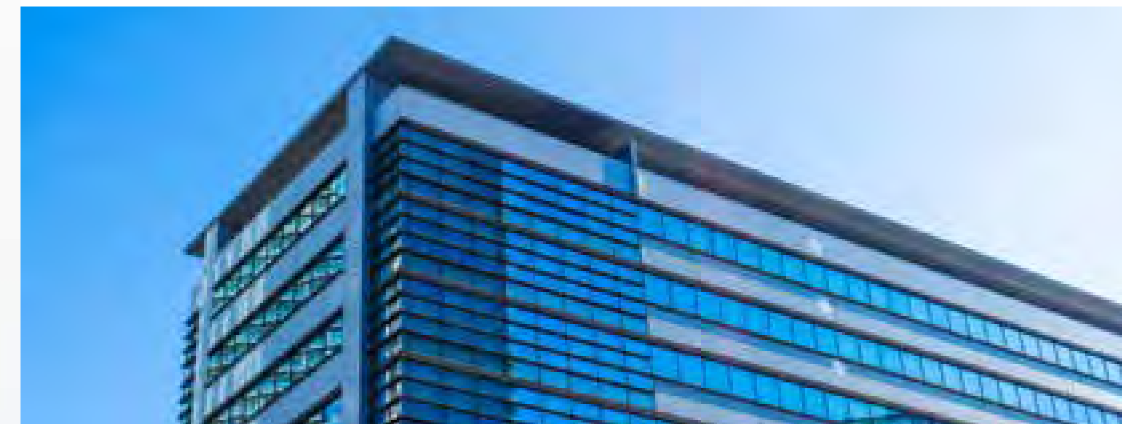

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Executive summary

2025 has been an **exceptionally strong year** for reinsurers in terms of profitability and capital growth.

Reinsurers' Return on Equity (ROE) is likely to moderate in 2026 but is expected to **remain comfortably above the Cost of Equity (COE)**.

Traditional reinsurance capital growth is likely to slow in 2026 but we expect **excess capital accumulation to continue**.

Non-life alternative capital experienced historic growth in 2025 and year-to-date activity remains strong.

Introduction

Welcome to the Gallagher Re full-year 2025 Reinsurance Market Report, which tracks the capital and profitability of the global reinsurance industry.

2025 was an exceptional year for reinsurers in terms of financial performance, with historic high profitability and capital growth. Capital increased by 11%, driven by both retained earnings for traditional reinsurance capital and strong inflows for non-life alternative capital. The reinsurers who make up the Gallagher Reinsurance Composite, or The Composite[1] in short, collectively reported a 19.3% ROE, benefiting from continued strong underlying profitability and benign natural catastrophe losses.

The industry has experienced strong capital growth since the end of 2022, with traditional reinsurance capital increasing by about 50% cumulatively during this time, well ahead of revenue growth (about 20% cumulative growth), mainly driven by retained earnings. Reinsurers have enjoyed exceptional returns for several years running, meaning average ROEs comfortably exceed Cost of Equity (COE) even when including the loss-affected 2017-2020 period. This has shifted demand and supply dynamics in favor of buyers and the industry is witnessing rates softening, as we saw at the January 1 and April 1 renewals[2]. Although this is expected to put downward pressure on returns over time, we estimate a robust 14%-15% ROE in 2026, well above the COE. This estimate assumes normalised natural catastrophe losses, contributions from realised capital gains and reserve releases in line with historic experience.

Growth in traditional reinsurance capital is expected to slow to 4% as reinsurers return a significant portion of earnings, but excess capital accumulation is expected to continue given expected weaker revenue growth. As a result, a supply/demand imbalance is likely to persist in the near-term, with capital redeployment a key challenge for the industry, assuming a normalised natural catastrophe environment and stable financial markets.

The next section of the report dives deeper into these key industry themes and is followed by a more granular analysis of industry capital and profitability.

Methodology update

Beginning from this edition, the Reinsurance Market Report is updating its methodology to further enhance the quality of the analysis. This includes a tighter definition of reinsurance capital and a more granular approach to industry drivers. All data for prior years has been restated and therefore is fully comparable with the 2025 data presented in this report. Although the data for historic years has changed, the conclusions discussed in previous reports are very much unchanged. For a full explanation of methodology changes and an old-versus-new data comparison please see the **Appendices.**

19.3%

Reported ROE of The Composite in 2025

+50%

Cumulative increase of traditional reinsurance capital since 2022

14%-15%

Estimated Normalised ROE for The Composite in 2026

[1] The Gallagher Reinsurance Composite (The Composite) comprises the large Bermudian and the Big Four European reinsurers which provide the granular disclosure needed to analyse trends in underlying profitability. See Appendix for constituents.

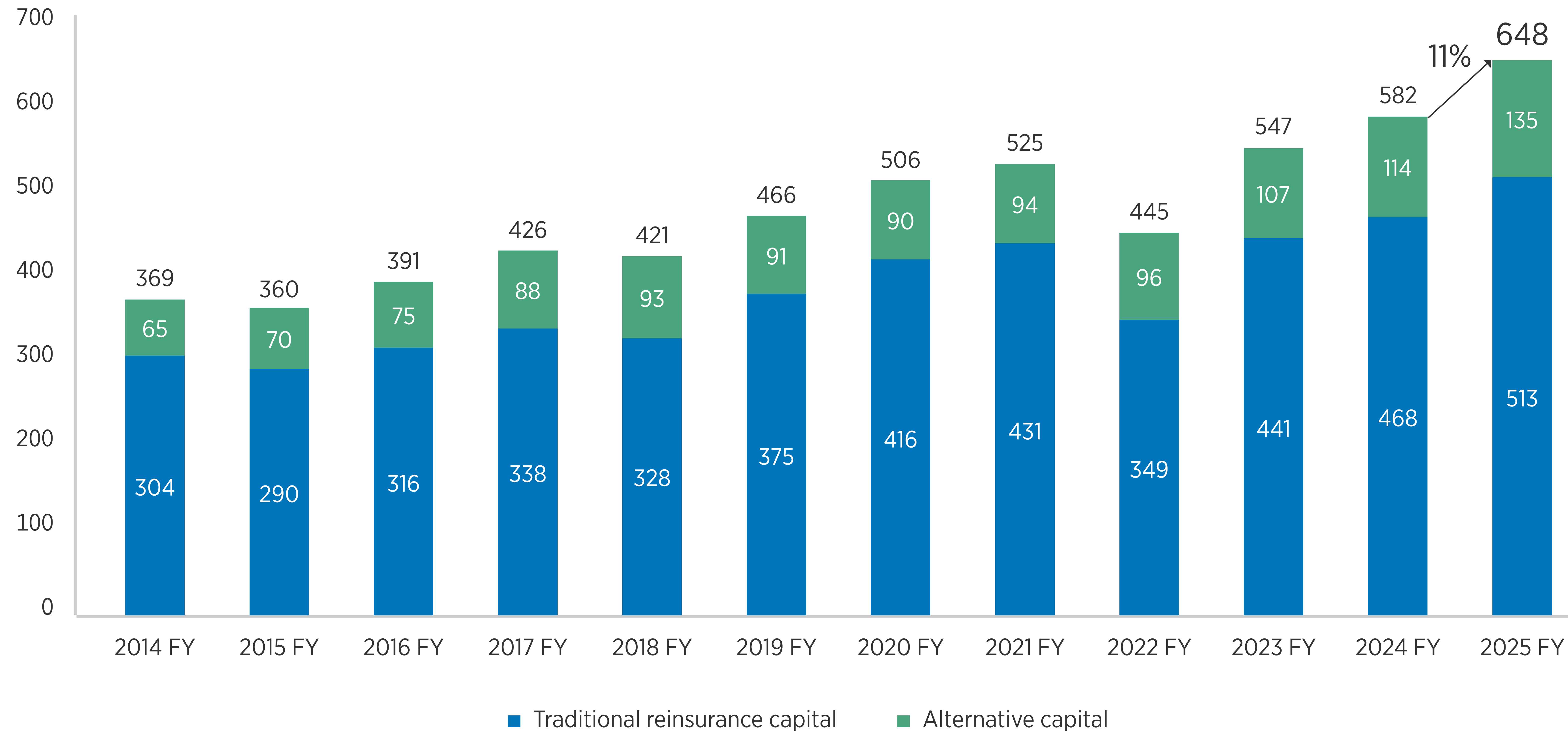
[2] First View: Options and Opportunities January 2026 and First View: Rethinking the Art of the Possible April 2026

Key themes

Capital growth at record levels in 2025

Reinsurance dedicated capital increases to new high point at 2025 FY

Chart 1: Total reinsurance dedicated capital (USD Bn)[3,4]



- Capital increased 11% to USD648Bn in 2025, making it the second strongest year for capital growth (both in percentage terms and absolute USD increase) in over a decade. The strong growth was particularly driven by retained earnings and alternative capital inflows, but also benefited from financial markets and FX movements. Capital growth was well ahead of revenue growth (+11% vs +1.4%) underlining the imbalance between demand and supply in the market that has become increasingly visible over the past year.

Historic strong capital growth drives demand and supply imbalance.

[3] Alternative capital excludes life, accident and health (LAH) ILS AuM and mortgage ILS AuM.

[4] Unless otherwise stated, data from 2022 FY onwards is based on IFRS 17 for relevant companies.

- Non-life alternative capital increased 18%, or USD21Bn to USD135Bn. This was one of the largest increases witnessed in the history of the Reinsurance Market Report. The increase was driven by both favourable returns and net inflows of capital, in particular to support cat bonds. Over the past year alternative capital has increasingly started to penetrate lines of business such as casualty, beyond the market's traditional focus on natural catastrophe risk. We continue to see elevated activity in that area so far into 2026. The material inflow of alternative capital exacerbates the demand and supply imbalance in the reinsurance market.
- Traditional reinsurance capital increased USD45Bn (+10%) during 2025, driving two-thirds of the industry's capital increase. As part of our methodology change, we split the traditional reinsurance capital between Reinsurance groups[5] and Diversified groups[6] — for more details see footnotes and Appendix. For the Reinsurance groups, retained earnings is the single biggest contributor to capital growth, representing almost 50% of their capital increase. Capital inflows for Reinsurance groups remained modest at USD2Bn, or just 1% of total capital.
- Reinsurance groups drove the growth in traditional capital (+13% vs +10% respectively) while growth for Diversified groups (+6%) was more modest. The Composite[7], a sub-group of the Reinsurance groups that represents almost three-quarters of their capital, continued to show strong retained earnings at USD12Bn (Bermudians: USD5.4Bn; Big Four European: USD6.5Bn). Lower capital growth for the Diversified groups is in part simply an outcome of our methodology. Berkshire Hathaway is included in the Diversified groups, because we assess a comparatively lower pro rata share of its capital to be allocated to reinsurance, due to the lower share of its reinsurance revenues.

[5] 'Reinsurance groups' refers to a cohort of companies for which reinsurance premium makes up at least half of total premium. For these companies, we include total consolidated capital. See Appendix for constituents.

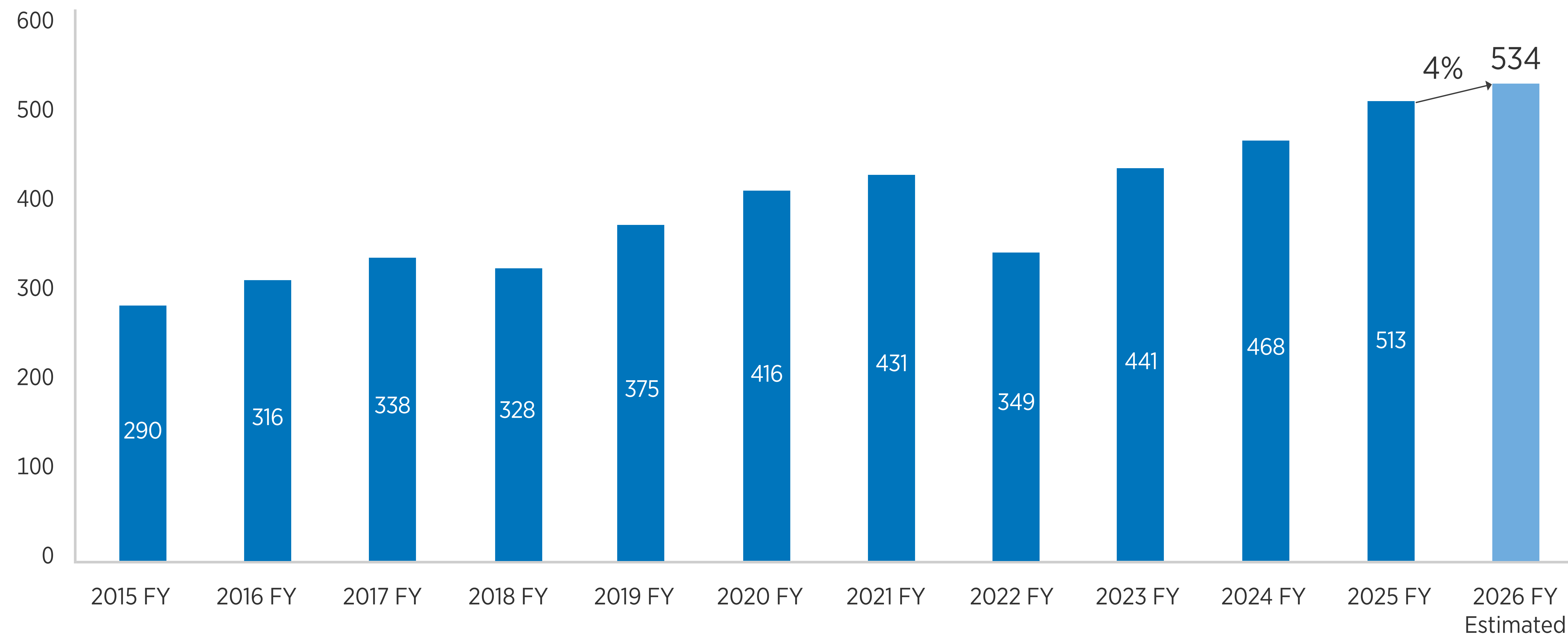
[6] 'Diversified groups' refers to a cohort of companies for which reinsurance premium makes up less than half of total premium. For these companies, we include capital on a pro rata basis based on the percentage which reinsurance premium makes up of total premium. See Appendix for constituents.

[7] The Gallagher Reinsurance Composite (The Composite) comprises the large Bermudian and the Big Four European reinsurers which provide the granular disclosure needed to analyse trends in underlying profitability. See Appendix for constituents.

Capital growth to slow in 2026, but excess capital continues to build

Retained earnings continue to drive excess capital

Chart 2: Traditional reinsurance dedicated capital (USD Bn)



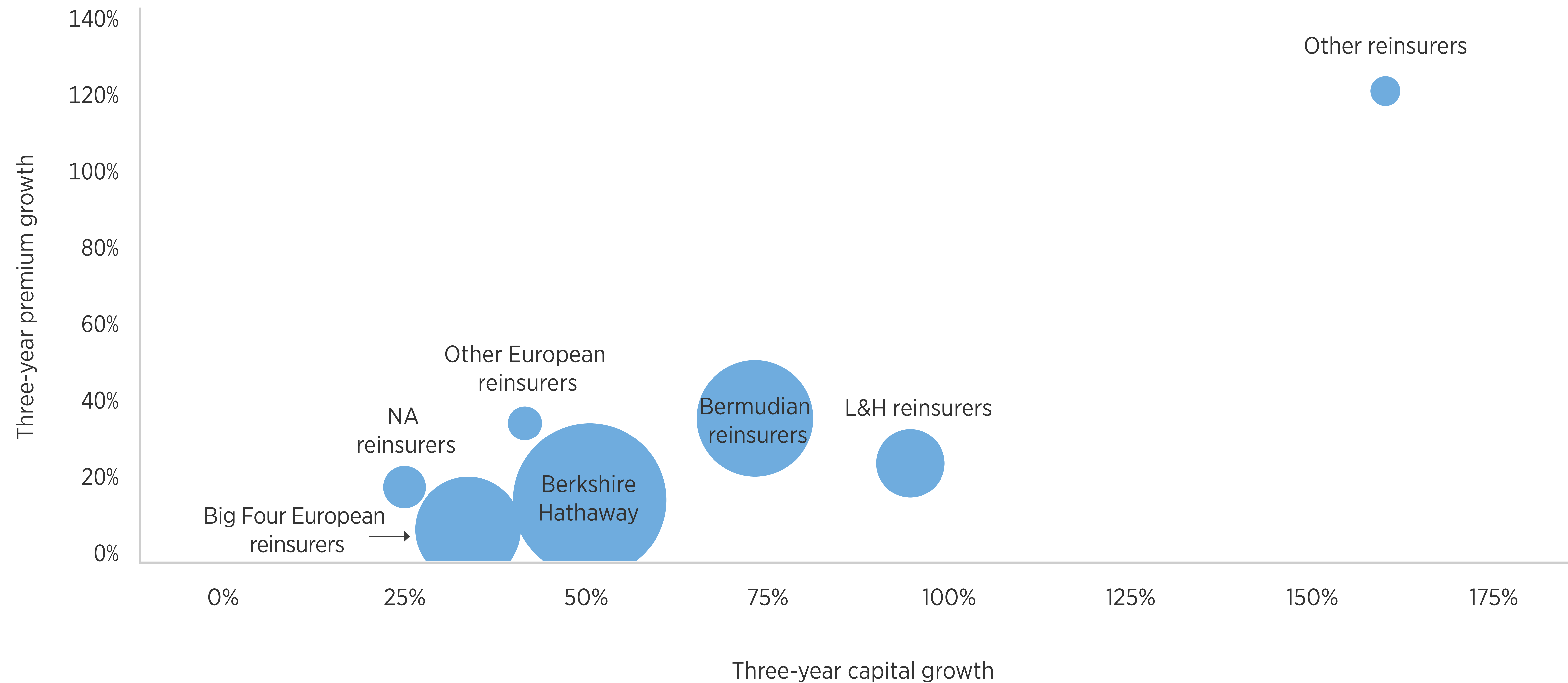
- Although returns for 2026 may moderate, retained earnings for the Reinsurance groups are estimated to remain very healthy in 2026 at 6% of capital and ahead of premium growth. Even though higher interest rates so far this year are slightly dampening capital growth, we nevertheless expect traditional reinsurance capital to grow by around 4%. This is despite an expected increase in capital return to shareholders (we have assumed payouts will increase to 60%, from 51%). While capital growth in 2026 is expected to be below the long-term average (6% on average over the past ten years), excess capital is likely to continue to build for the industry — adding to the significant total capital accumulated over the past three years. With returns still attractive, reinsurers are still seeking to put capital to work. However, as excess capital builds, deploying it is becoming a key challenge for the industry.

Capital growth expected to moderate to 4% in 2026.

Berkshire Hathaway and Bermudian reinsurers drive sector's capital accumulation

Capital growth driven by retained earnings outpacing premium growth

Chart 3: Premium vs capital growth by segment (Bubble size = three-year capital accumulation contribution)

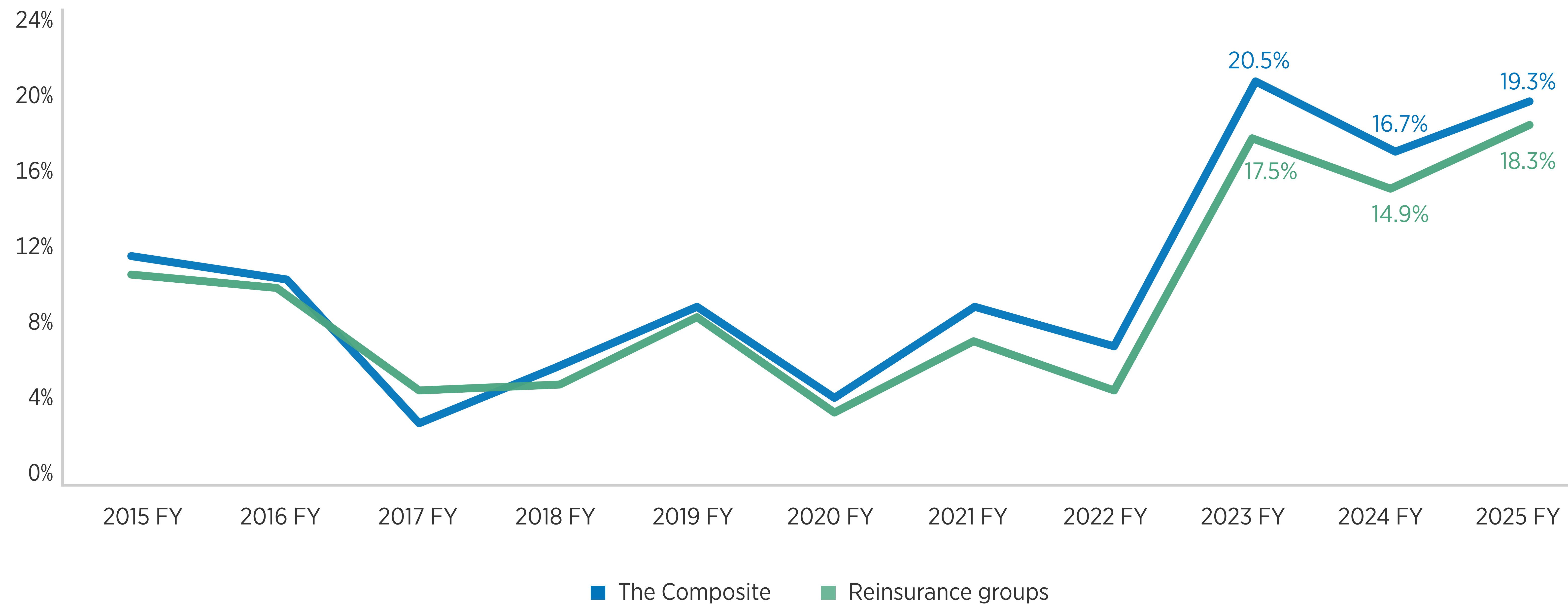


- Traditional reinsurance capital increased by about 50% cumulative since the start of the most recent hard market cycle (since YE 2022), well ahead of revenue growth (about 20% cumulative) mainly driven by retained earnings. The gap between capital and revenue growth is likely indicative of the extent of excess capital accumulation over the period, with growth in capital requirements and revenue broadly aligned for those reinsurers providing capital disclosures. As discussed above, excess capital accumulation is likely to continue in 2026.
- Based on the disclosures of the Reinsurance groups and Diversified groups that have reported 2025 full-year results to date, Berkshire Hathaway accounted for 42% of the absolute cumulative increase in traditional reinsurance capital since 2022. Aside from Berkshire Hathaway, most of the capital accumulation is driven by the Bermudian reinsurers (22%) and the Big Four European reinsurers (19%) where capital redeployment pressures may be more immediate. Bermudian reinsurers have been more growth orientated, but capital return has increased since 2024. The Big Four European reinsurers have witnessed some of the lowest growth, while capital returns have been higher and steadily increasing.

2025 an exceptional year in terms of ROE, supported by benign NatCat losses[8]

Improving headline ROE across the industry

Chart 4: ROE time series for The Composite and Reinsurance groups



- Reinsurance groups reported their best year since the start of the Reinsurance Market Report (2014) with an 18.3% Return on Equity (ROE), up from 14.9% in 2024 and ahead of the recent 2023 peak. Unless otherwise stated, our analysis of profitability drivers and trends focuses on The Composite, as these reinsurers represent most of the leading markets and provide more granular financial disclosures. The ROE for this sub-group increased to 19.3%, up from 16.7% in 2024 and slightly below the 2023 peak. The difference in performance between the Reinsurance groups and The Composite in recent years is mainly driven by diversification (capital efficiency) and higher exposure to US NatCats.
- The reported ROE for The Composite benefited from continued strong underlying profitability, further supported by below normalised natural catastrophes (1.6 ppts benefit)[9]. The contributions from realised capital gains (1.6 ppts vs 0.6 ppts 2024) and healthy prior year reserve releases (PYD, 2.0 ppts vs +0.1 ppts in 2024) were among the highest seen since 2018 FY and broadly in line with the ten-yea historic average.

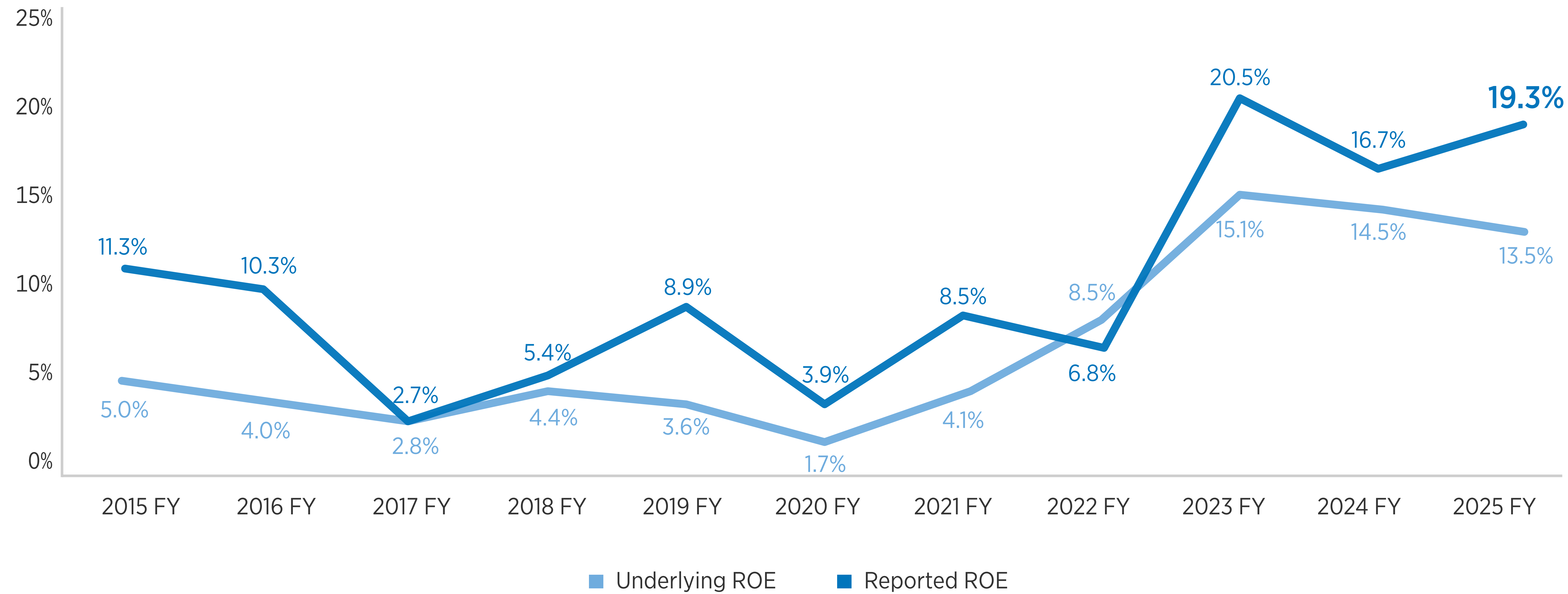
[8] Data prior to 2022 FY are based on IFRS 4 accounting. For IFRS reporters, ROEs from 2022 FY onwards are on an IFRS 17 basis.

[9] We calculate a normalised natural catastrophe loss impact based on a five-year moving average of actual natural catastrophe loss impacts.

2025 an exceptional year in terms of ROE, supported by benign NatCat losses (Cont.)

Reported ROE remained strong but underlying ROE moderating.

Chart 5: Underlying and reported ROE for The Composite

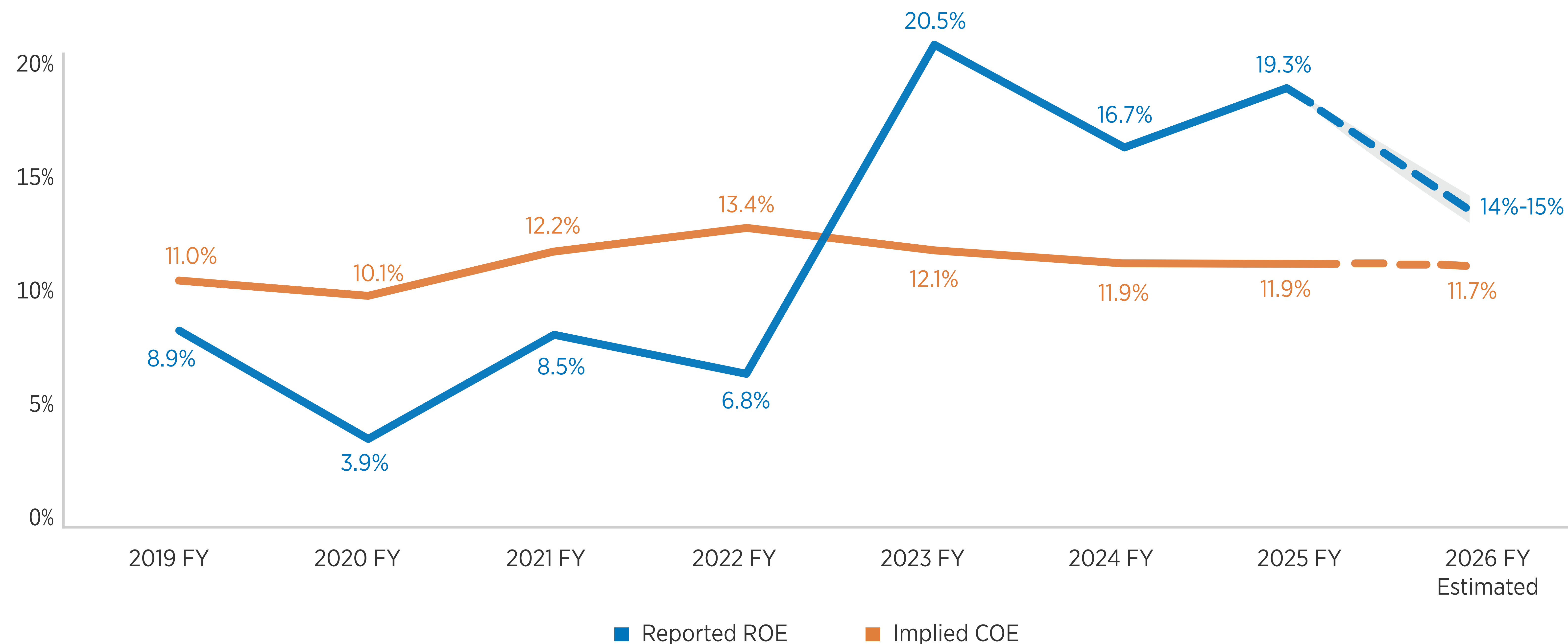


- In line with expectations, on an underlying basis (normalised NatCat, excluding PYD and investment gains), the underlying ROE reduced to 13.5%, down from 14.5% in 2024 FY and the 15.1% peak achieved in 2023 FY.
- The underlying ROE deterioration is mainly driven by two factors; a higher underlying combined ratio (CR, +1.7 ppts to 94.7%) partly as a result of softer rates in 2025, and excess capital building with shareholders' equity growth outpacing revenue and earnings growth.

Returns expected to remain above the COE in 2026, despite YTD rate softening[10,11]

Lower 2026 ROE estimated, but expected to remain above the cost of equity

Chart 6: Reported ROE and implied COE for The Composite



- Headline year-to-date (YTD) property catastrophe renewal rates are down by double-digit percentages. However, overall portfolio rate developments are more modest when considering other lines of business and proportional portfolios. We estimate overall portfolio rates to be down by mid-single-digit percentages YTD.
- Taking this into account, The Composite reinsurers are well positioned to deliver a 14%-15% ROE in 2026, assuming normalised NatCat losses and PYD plus realised investment gains contributions in line with ten-year historic averages. Although still early in the year, Q1 NatCat experience has been benign (USD20Bn insured losses vs USD26Bn ten-year average) suggesting there may be upside to this estimate if the remainder of the year develops in line with normalised assumptions.
- Although our 2026 estimates imply a potential material decline in the reported ROE of 4 ppts-5 ppts, 1.6 ppts of this deterioration relates to the assumed normalisation of natural catastrophes, with the ROE still estimated to remain above the implied Cost of Equity (COE, 11.7%. See Appendix for details of our COE methodology).
- In the remaining sections of the report we examine the performance drivers behind the sector's capital and profitability in more detail.

[10] Data prior to 2022 FY are based on IFRS 4 accounting. For IFRS reporters, ROEs from 2022 FY onwards are on an IFRS 17 basis.

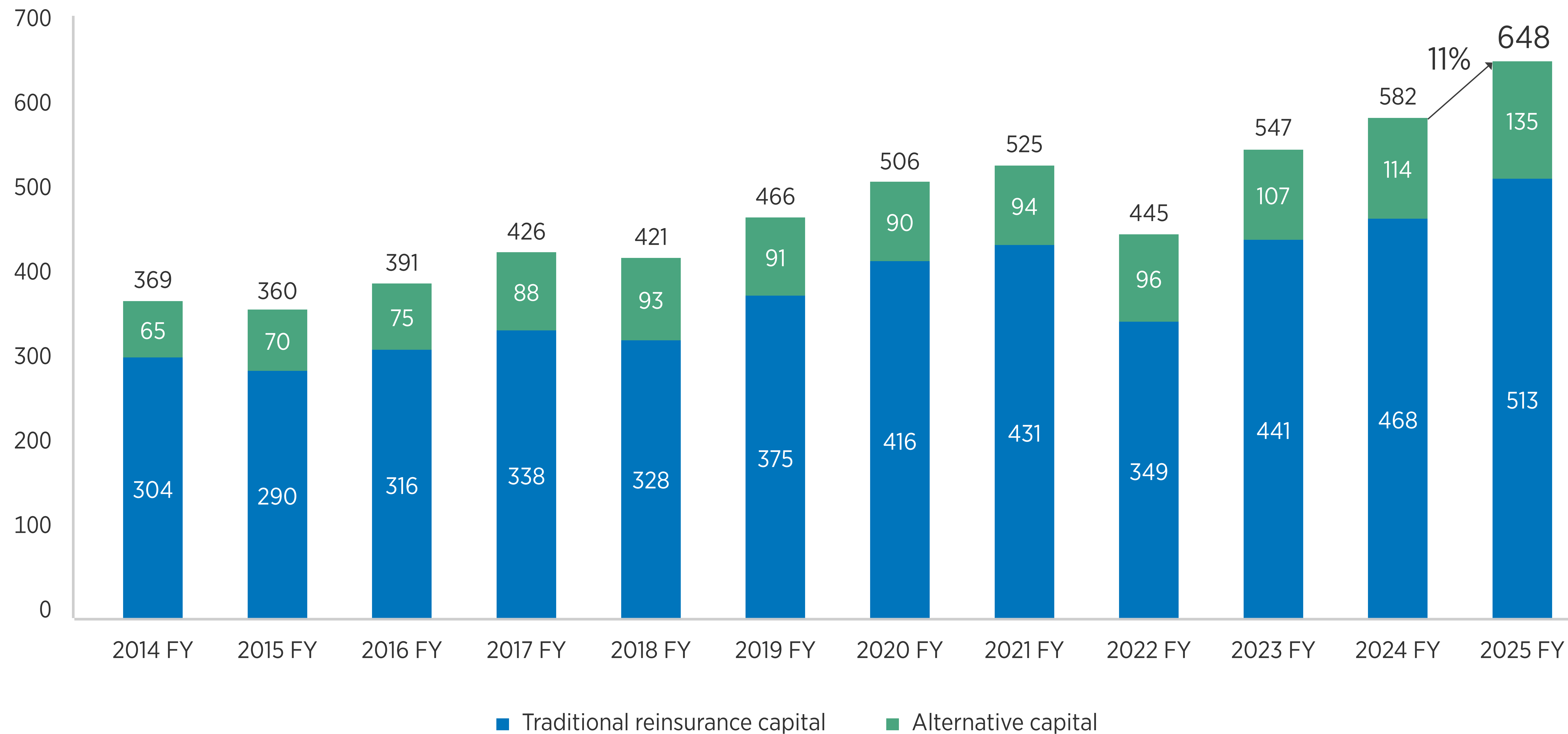
[11] Implied Cost of Equity as of 14th April for 2026 FY.

Capital

Total reinsurance dedicated capital

Reinsurance dedicated capital increases to new high point at 2025 FY

Chart 7: Total reinsurance dedicated capital (USD Bn)[12]



- Reinsurance dedicated capital increased to a new high point of USD648Bn at 2025 FY, up 11% versus 2024 FY, which is the second highest growth rate over the last decade. Using revenue growth as a proxy for reinsurance demand, growth in capital supply was significantly ahead of growth in capital demand in 2025 (11% vs 1.5%), an imbalance which has continued into 2026.
- Traditional reinsurance capital contributed c. 68% of overall capital growth and was up 10% year-on-year to USD513Bn, slightly ahead of our projection of c. 8% from our 2025 HY Reinsurance market report. Roughly one-third of the growth was due to the continued strong retained earnings of the Reinsurance groups. (See charts 8 and 9 for further detail on the drivers of the capital increase).
- Supported by strong net inflows, non-life alternative capital increased by 18% to USD135Bn, which is the largest annual growth rate we have seen since we started this analysis. In addition to property catastrophe risks, net inflows backed a broader range of lines of business, including casualty.

[12] Alternative capital excludes life, accident and health (LAH) ILS AuM and mortgage ILS AuM.

Traditional reinsurance capital

Capital increase driven both by Reinsurance and Diversified groups

Chart 8: Traditional reinsurance capital analysis (USD Bn)

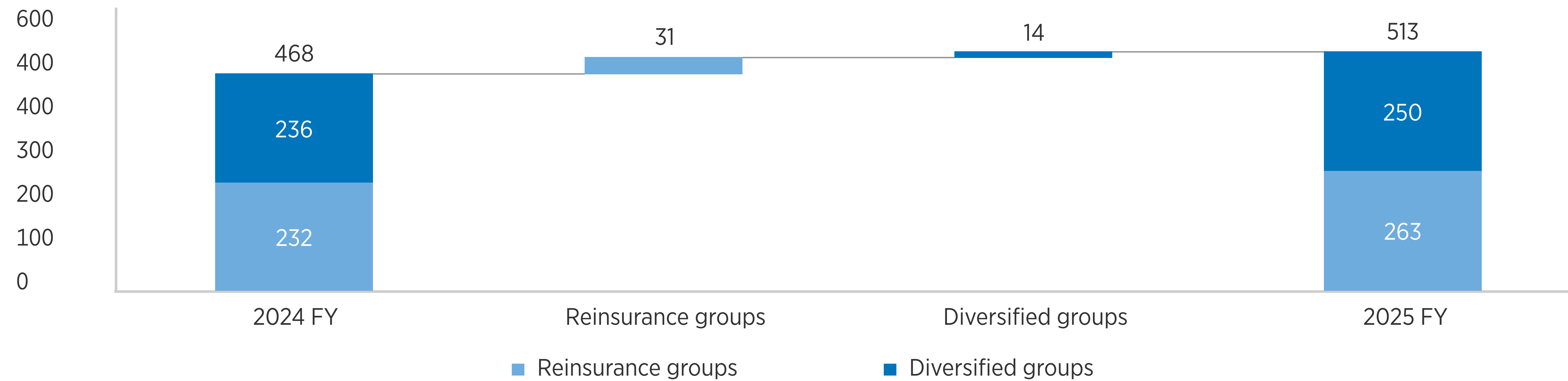
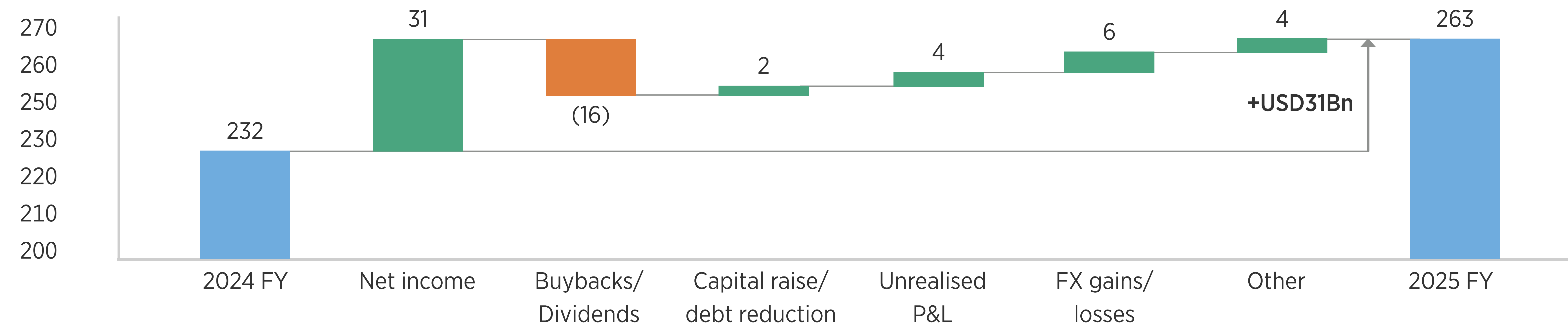


Chart 9: Change in Reinsurance groups capital (USD Bn)

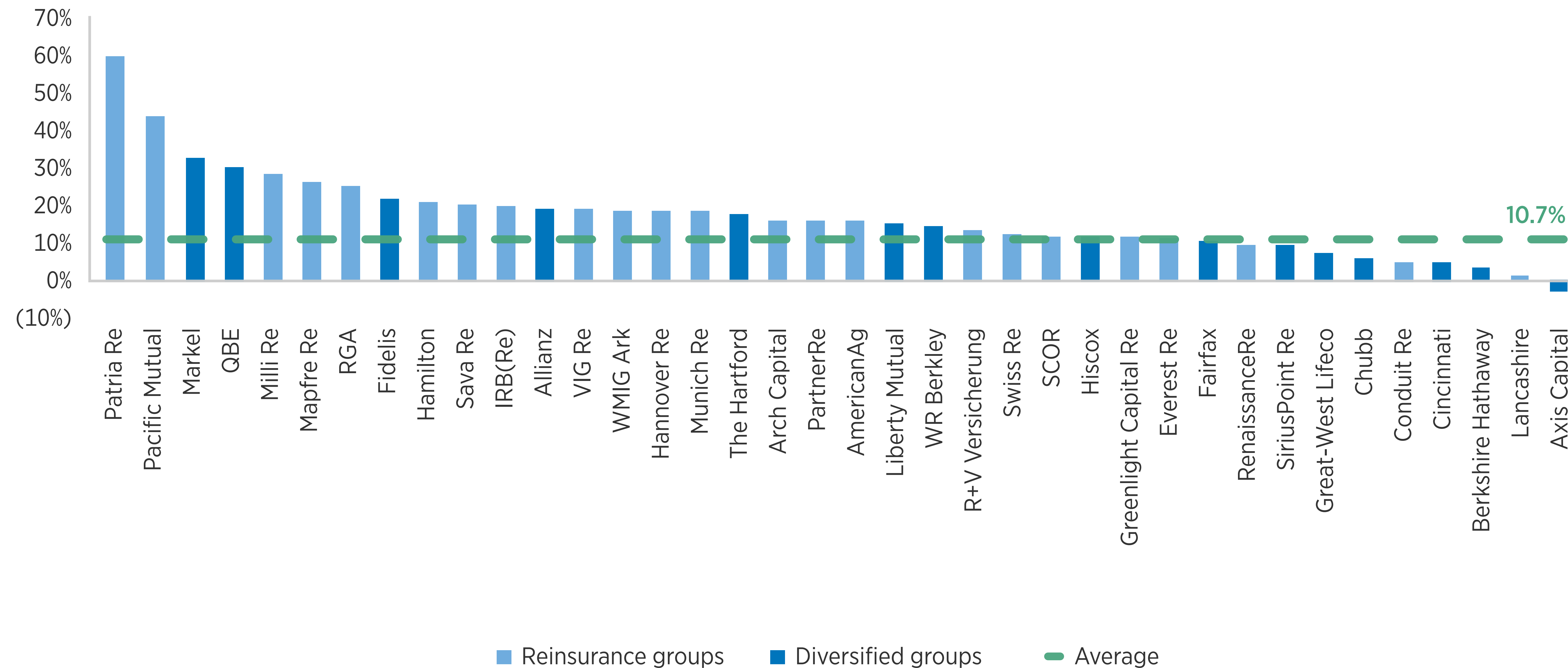


- Traditional reinsurance capital increased by USD45Bn to USD513Bn, driven mainly by retained earnings of USD15Bn (net income of USD31Bn, of which USD16Bn was returned) for the Reinsurance groups and a USD14Bn increase in capital for the Diversified groups (whose capital is included on a pro rata basis). This was mainly due to Berkshire Hathaway (+USD7Bn), despite a c. 2 ppt reduction in its reinsurance premium as a percentage of total premium, absent of which the overall increase in industry pro rata capital would have been more than USD25Bn. By segment, the main contributors to the overall increase in traditional reinsurance capital were the Big Four European (34%) and Bermudian (21%) reinsurers.
- Net income totaled USD31Bn, around 92% of which was due to the Big Four European (50%) and Bermudian (+42%) reinsurers. The continued strong profitability was supported by a lower reported combined ratio and a marginally higher investment yield. Around 51% of industry net income was returned to shareholders through dividends and buybacks, which together totaled USD16Bn.
- A net increase in subordinated debt added USD2Bn to traditional reinsurance capital. As per Chart 7, inflow into the reinsurance market via alternative capital totaled USD21Bn.
- The +USD6Bn from FX gains/losses was driven mainly by the European reinsurers, which report on a EUR basis. This was due to the weakening in the US dollar relative to the euro during 2025.
- The 'Other' column (+USD4Bn) relates mainly to changes in other comprehensive income and minority interests.

Traditional reinsurance capital (Cont.)

Most companies report double-digit capital growth

Chart 10: Movement in capital at 2025 FY (USD basis)[13]



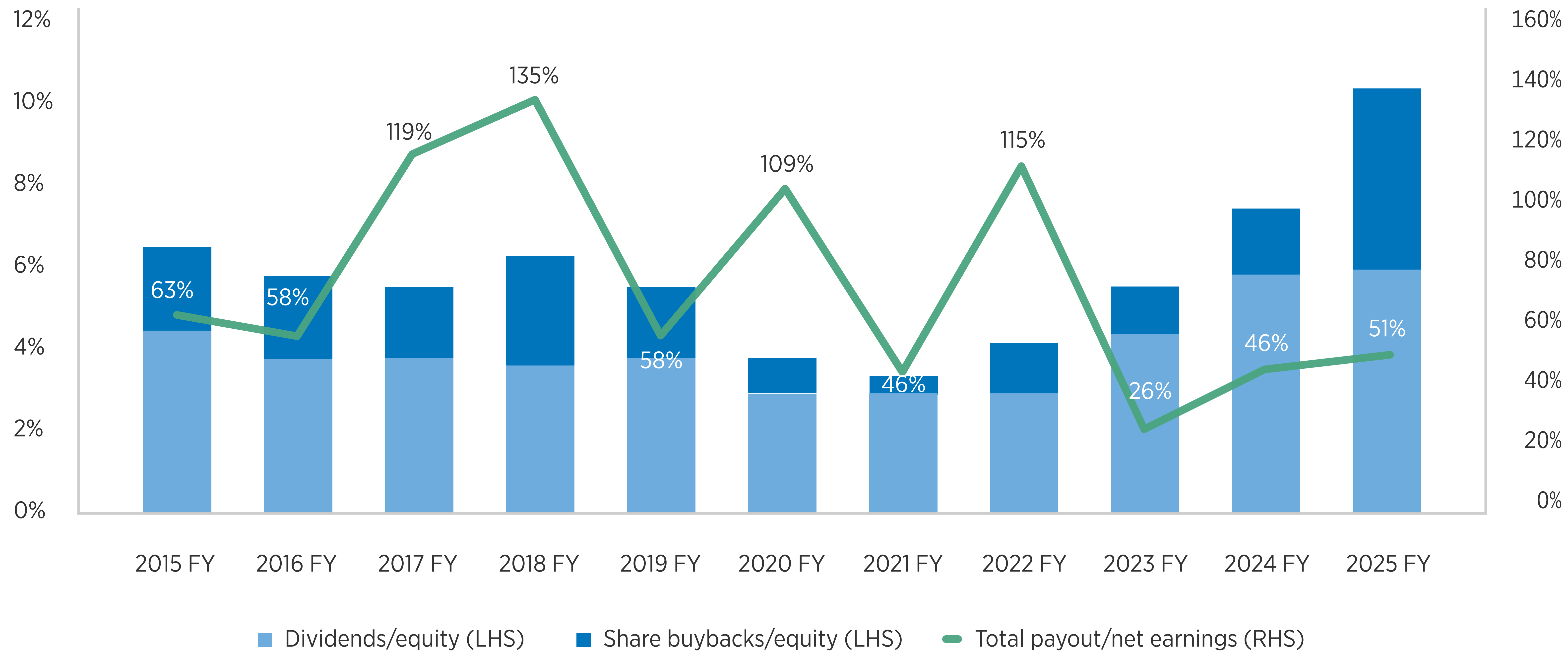
- Double-digit capital increases were reported by most companies (c. 76%).
- For non-USD reporters, capital increases on a USD basis had material FX support due to strengthening of local reporting currencies relative to the US dollar. For example, USD basis capital increases for Euro reporters had c. 13% support from FX. For the Big Four European reinsurers, local currency basis growth was strongest for Swiss Re (which reports on a USD basis) at 13%, followed by Hannover Re (5%), Munich Re (5%) and SCOR (-1%).
- Patria Re's 61% increase in capital (local currency basis: 39%) was supported by both solid net income and FX.
- Pacific Mutual's 46% increase in capital was driven by net income, increased subordinated debt and other comprehensive income.
- As discussed earlier, since year-end 2022 traditional reinsurance capital has increased by almost 50% cumulatively. Bermudian reinsurers reported some of the highest growth at 73% cumulatively. Capital growth for the Big Four European reinsurers was relatively modest at 34%. The lower capital growth for the Big Four European reinsurers is a reflection of a more consistent capital return policy and relatively higher payouts compared to most peers.

[13] Chart is based on Reinsurance groups for which capital is included on a consolidated basis and excludes companies which have not yet reported 2025 FY.

Return of capital

Capital return has increased as a percentage of net earnings and opening shareholders' equity

Chart 11: Return of capital (as a percentage of opening shareholders' equity) and payout ratio[14]



- Total capital return (dividends plus buybacks) as a percentage of net earnings increased to 51% (2024 FY: 46%), which was slightly below our projection of c. 60%, partly due to continued solid net income growth. On an absolute USD basis, the Big Four European reinsurers accounted for c. 57% of total capital returned.
- Capital return as a percentage of opening shareholders' equity increased to 10.1% (2024 FY: 7.2%) with growth in capital return exceeding growth in shareholders' equity. The contribution from share buybacks increased notably to 4.5% (2024 FY: 1.4%), which is the highest level since we started this analysis. The contribution from dividends was broadly flat at c. 5.5%.
- Share buybacks as a percentage of total capital returned more than doubled to 45%, potentially an indicator of the challenge for management teams in deploying excess capital.

[14] Chart is based on Reinsurance groups for which capital is included on a consolidated basis and excludes companies which have not yet reported 2025 FY.

Return of capital (Cont.)

Capital return increases for the majority of companies

Chart 12: Return of capital (as a percentage of opening shareholders' equity)[15]

25%
20%
15%
10%
5%
0%

Lancashire
RenaissanceRe
Munich Re
Swiss Re
Hannover Re
Arch Capital
VIG Re
Sava Re
Everest Re
SCOR
Conduit Re
R+V Versicherung
Mapfre Re
PartnerRe
Hamilton
WMIG Ark
RGA
Greenlight Capital Re
IRB(Re)
AmericanAg

2024 FY
2025 FY

- Of the companies which returned capital, three-quarters increased their ratio of capital return as a percentage of opening shareholders' equity, with a quarter of companies making double-digit returns.
- The highest capital returns (c. 17%-20% of opening shareholders' equity) were made by Bermudian reinsurers, followed by Munich Re, Swiss Re and Hannover Re, each of which made a return of opening shareholders' equity in the 10%-15% range.
- A significantly higher buyback was the main driver of the higher capital return for Renaissance Re. Capital returns for the Big Four European reinsurers remained more heavily weighted towards dividends, or were entirely due to dividends in the case of Hannover Re and SCOR.
- Since end 2022, on average the Big Four European reinsurers returned 11% of shareholders' equity per year, compared to only 7% on average for their Bermudian peers. The difference was particularly stark in 2023 (10% vs 2%), and although the gap has reduced, the Bermudian reinsurers in 2025 still returned 3.5 ppts less than their Big Four European peers (8.8% vs 12.3%), despite comparable ROEs. Based on announced dividends and share buyback programs with the FY25 results, payouts for the Big Four European reinsurers are expected to further increase in 2026. Some of the larger Bermudian reinsurers have also flagged the potential for higher capital returns, dependent on the growth outlook.

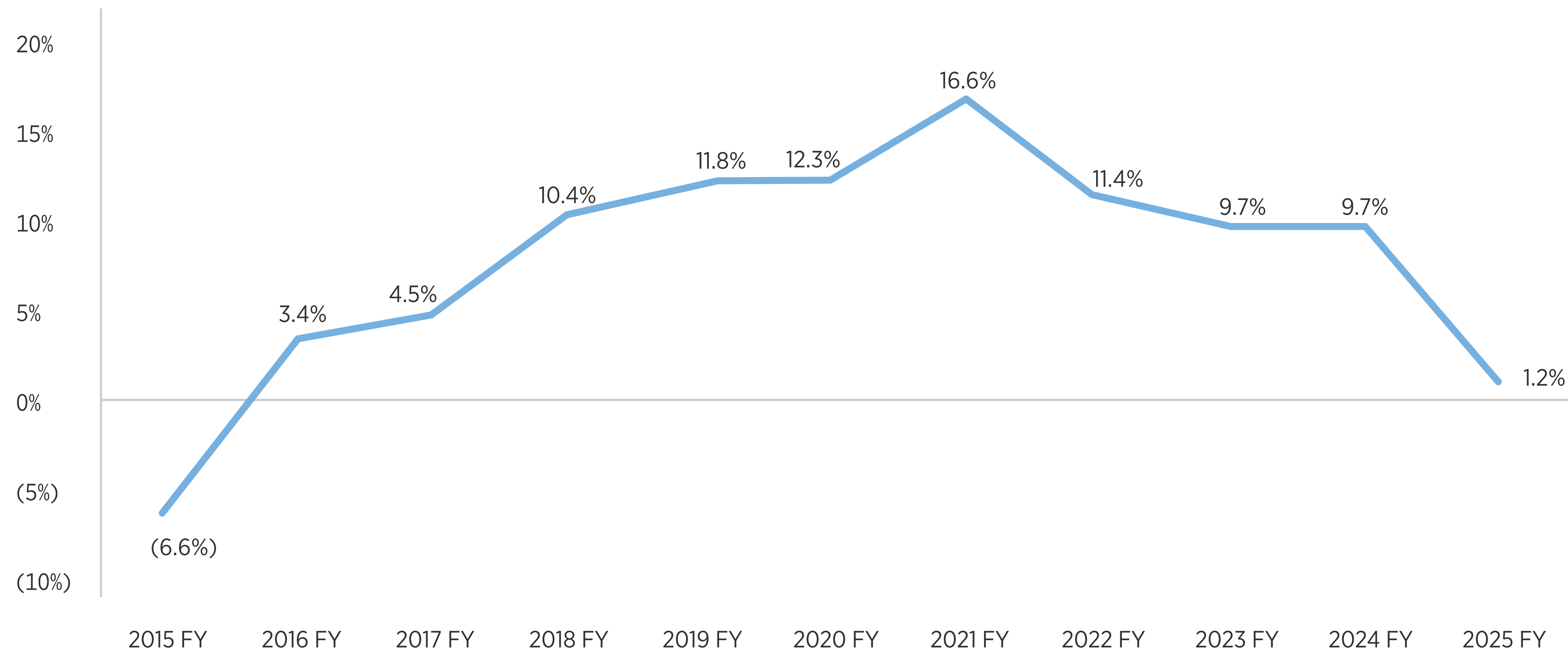
[15] Chart is based on Reinsurance groups for which capital is included on a consolidated basis and excludes companies which have not yet reported 2025 FY.

Profitability

Underwriting performance — premium volumes

Revenue growth materially slowed in 2025 FY driven by a softening market

Chart 13: Revenue growth over time for The Composite (USD basis)[16]



- The Composite's revenue growth decelerated substantially from 9.7% in 2024 FY to 1.2% in 2025 FY. As noted in our First View reports[17], this was driven by a softening market in property and specialty lines while rates remained broadly flat in casualty.
- Across the broader universe of Reinsurance groups, 2025 FY growth was comparable (+1.4%). Beyond those companies and looking at the Diversified groups, Berkshire Hathaway reported declining revenues in its reinsurance segment (-5.6%) as it emphasised underwriting discipline in a softening pricing environment.

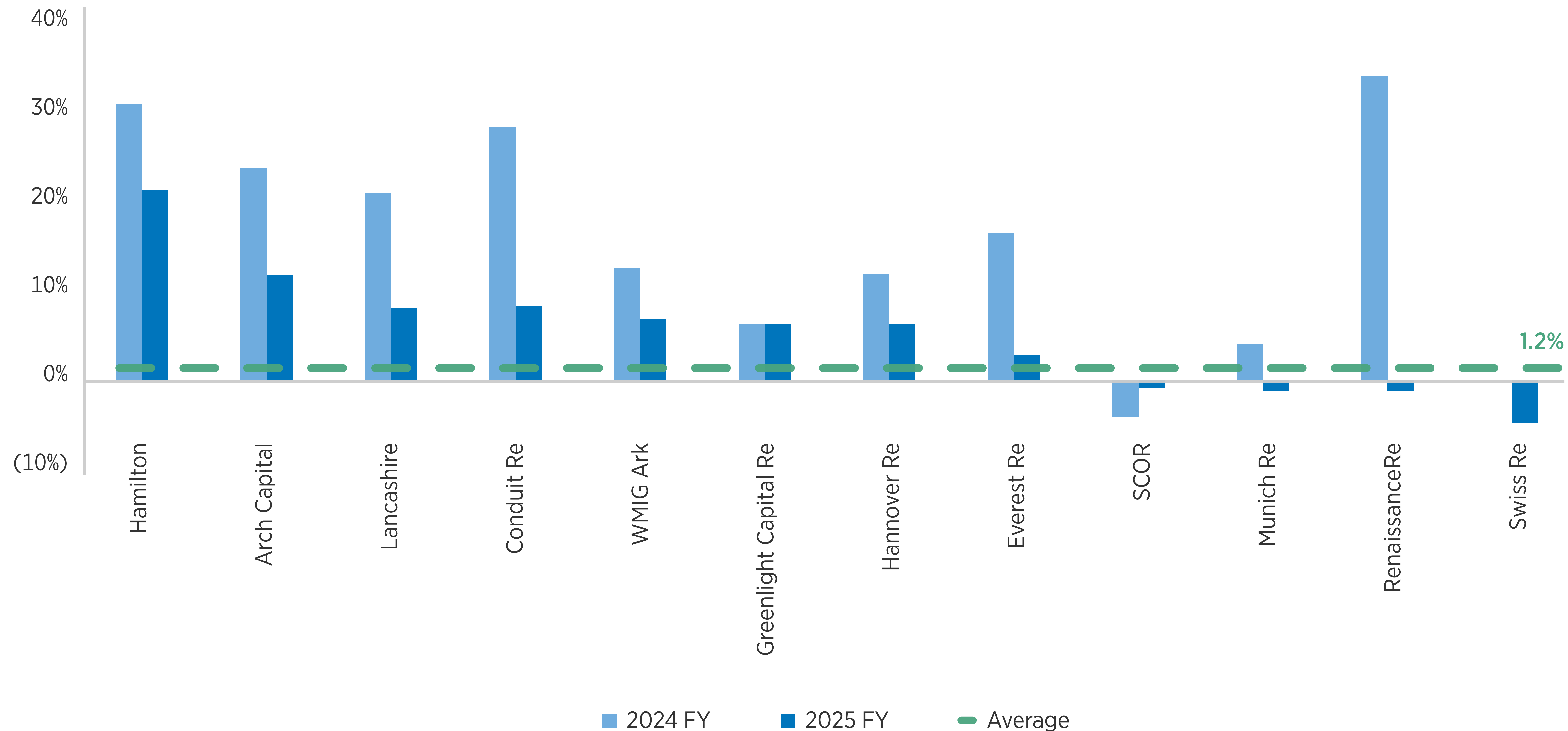
[16] Based on net earned premiums (for non-IFRS 17 reporting companies), or net insurance service revenues (for IFRS 17 reporting companies)

[17] Gallagher Re's First View: Options and Opportunities, First View: Rethinking the Art of the Possible, First View: Differentiation Rewarded, First View: Challenging the Status Quo

Underwriting performance — premium volumes (Cont.)

Slowing revenue growth driven by large/European companies

Chart 14: Change in net revenues by Composite company[18] (USD basis)



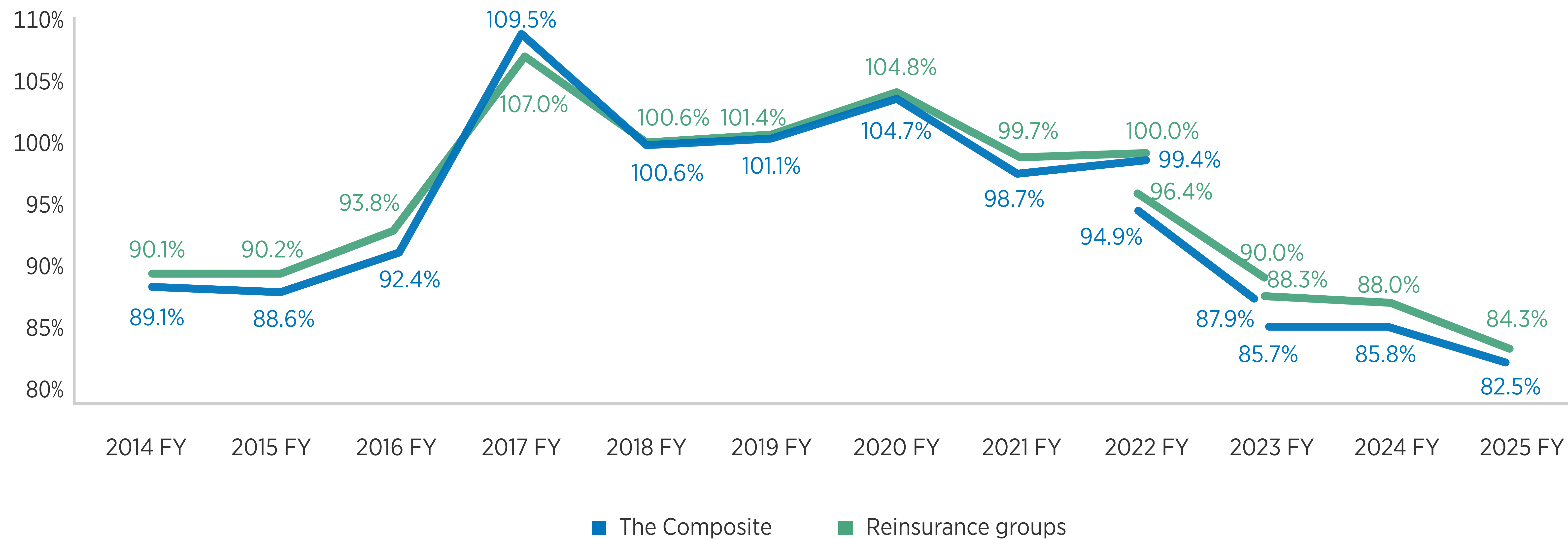
- Aggregate growth for The Composite was clearly dragged back by some of the large companies showing a more cautious stance on casualty and on the broad rating environment. On the other hand, smaller/Bermuda-based reinsurers actively deployed capital into areas that they deemed attractive, particularly casualty.
- The Big Four European companies posted on average below-market growth. The only exception was Hannover Re, which continued to expand through 2025 across most regions and benefited from strong growth in structured reinsurance.
- A number of companies, including SCOR, Swiss Re and Renaissance Re continued to prune US casualty portfolios, adversely impacting growth. Additionally for SCOR, 2025 FY revenues reflected the commutation of a large contract. For Munich Re, growth numbers reflected a deliberate cut-back in P&C reinsurance.
- On the other hand, some of the smaller/Bermuda players continued to show elevated — double-digit — growth, in part fueled by growing appetite in casualty and specialty lines, especially Hamilton and Arch.
- These observations are consistent with the developments seen since the period of market hardening. Over the past three years the Bermudian reinsurers have notably outperformed their Big Four European peers in terms of revenue growth (39% vs 10% cumulative). The gap in growth between the two groups was particularly noticeable in 2024 FY (16% vs 8%).

[18] Based on net earned premiums (for non-IFRS 17 reporting companies), or net insurance service revenues (for IFRS 17 reporting companies)

Underwriting performance — combined ratios

Record combined ratio in 2025 FY across the industry

Chart 15: Reported combined ratio time series for Reinsurance groups and The Composite[19]



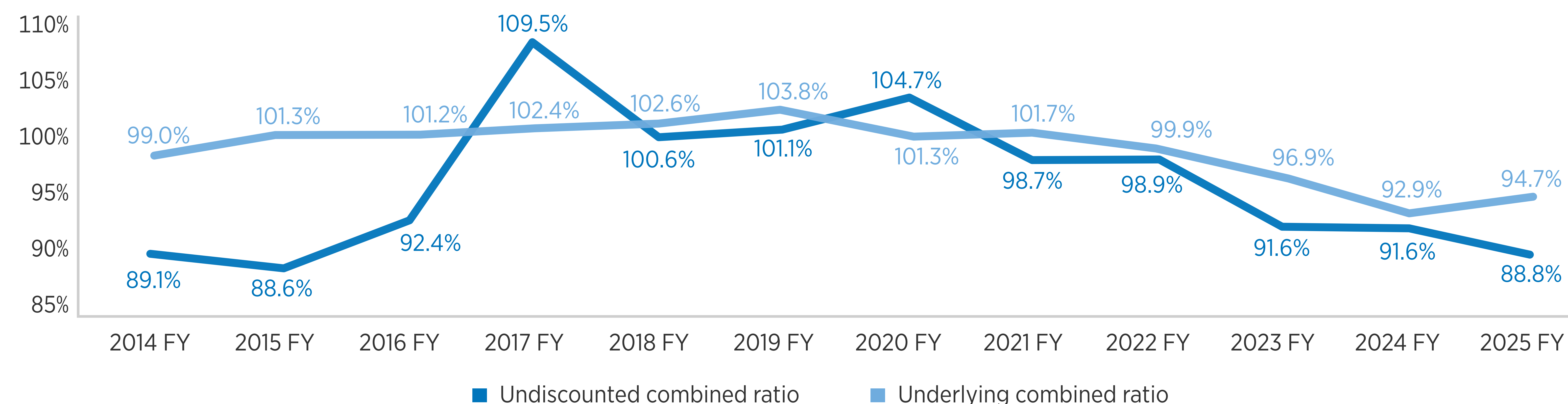
- Reported combined ratios continued to improve across Reinsurance groups in 2025 FY, falling by 3.7 ppts to 84.3%, the lowest level recorded since the start of our time series in 2014 FY. Combined ratio performance among The Composite companies was even stronger, with the reported combined ratio improving by 3.3 ppts year-on-year to 82.5% in 2025 FY, also a record low.
- Beyond Reinsurance groups, it is notable that underwriting performance deteriorated among the Diversified groups. This was primarily driven by lower prior-year reserve development at Berkshire Hathaway and CA/LA wildfire losses at Fairfax. Historically, the Diversified groups have tended to exhibit greater volatility in their reported combined ratios, partly driven by natural catastrophes.

[19] Interruption in the time series driven by adoption of IFRS 17 by certain companies in 2022 FY, followed by Swiss Re in 2023 FY

Underwriting performance — combined ratios (Cont.)

Record undiscounted combined ratio in 2025 FY for The Composite

Chart 16: Undiscounted and underlying combined ratio time series for The Composite



Lower combined ratio driven by low nat-cats and increased PYD, offset by increased attritional losses

Chart 17: Combined ratio detail for The Composite[20]

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2022 FY Restated for IFRS 17	2023 FY	2023 FY Restated for IFRS 17	2024 FY	2025 FY
Reported combined ratio	**100.6%**	**101.1%**	**104.7%**	**98.7%**	**99.4%**	**94.9%**	**87.9%**	**85.7%**	**85.8%**	**82.5%**
Remove discounting impact (IFRS 17)						-4.0%	-3.9%	-5.9%	-5.7%	-6.3%
Undiscounted combined ratio	**100.6%**	**101.1%**	**104.7%**	**98.7%**	**99.4%**	**98.9%**	**91.8%**	**91.6%**	**91.6%**	**88.8%**
Remove prior year development	-4.7%	-2.5%	-1.7%	-2.9%	-1.7%	-1.5%	-2.2%	-2.4%	0.1%	-3.1%
Accident year combined ratio	**105.3%**	**103.6%**	**106.3%**	**101.6%**	**101.1%**	**100.4%**	**94.1%**	**94.0%**	**91.5%**	**91.9%**
Strip out nat cat loss	10.9%	9.2%	6.1%	11.4%	9.9%	11.5%	7.1%	7.5%	8.2%	6.7%
Strip out COVID loss			9.3%	0.2%						
Ex-nat cat accident year combined ratio	**94.3%**	**94.4%**	**90.9%**	**90.0%**	**91.2%**	**88.9%**	**86.9%**	**86.5%**	**83.2%**	**85.2%**
Add in normalised nat cat loss	8.2%	9.5%	10.4%	11.7%	9.5%	11.0%	9.8%	10.4%	9.7%	9.5%
Underlying combined ratio	**102.6%**	**103.8%**	**101.3%**	**101.7%**	**100.7%**	**99.9%**	**96.8%**	**96.9%**	**92.9%**	**94.7%**

[20] The normalised natural catastrophe load is the five-year moving average of the Composite's full-year actual natural catastrophe loss impact (excluding COVID-19 losses), adjusted for the introduction of IFRS 17 in 2022 FY

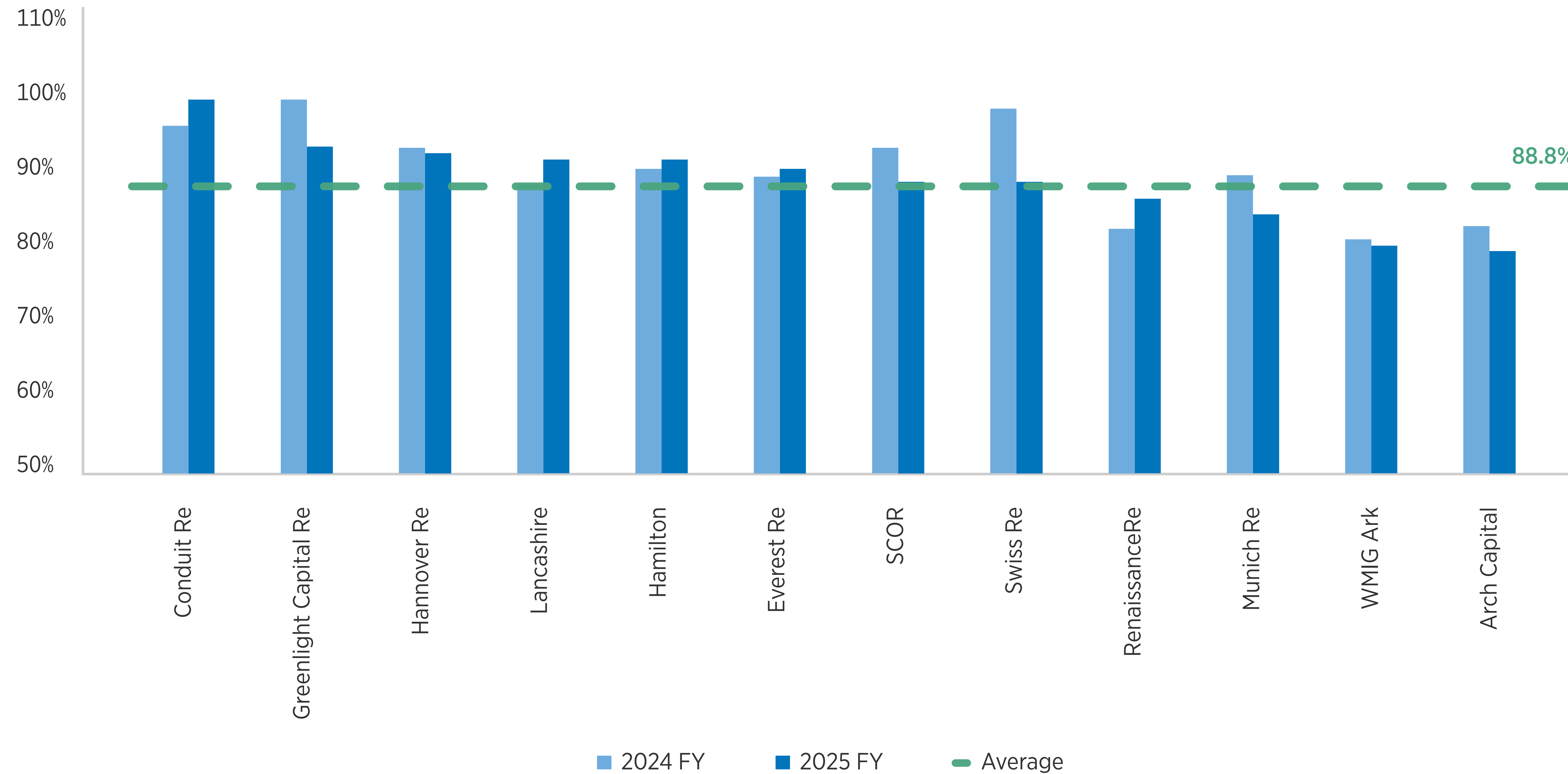
[21] Ex-cat, current accident year loss ratio

- Among Composite companies, the undiscounted combined ratio improved materially in FY 2025, falling 2.8 ppts year-on-year from 91.6% to 88.8%. This was driven by lower nat-cat losses (-1.5 ppts) and higher prior-year reserve releases (-3.2 ppts).
- Of the 3.2 ppts improvement from reserve releases, 2.0 ppts was driven by Swiss Re, following significant reserve strengthening in FY 2024. Excluding Swiss Re, the undiscounted combined ratio also improved, but by a more modest ~1.3 ppts.
- The undiscounted ex-cat accident year combined ratio deteriorated by 2.0 ppts to 85.2%. Within this, the attritional loss ratio[21] deteriorated 1.2 ppts reflecting the effect of the softening market environment, but also conservative booking, particularly among the Big Four European reinsurers.
- The normalised natural catastrophe loss ratio reduced slightly (-0.2 ppts) as 2025 FY replaced the heavier 2020 FY cat year i n our five-year average calculation.
- Together, these factors interrupted the improvement trend in the underlying combined ratio. For the first time since 2021 FY, the ratio deteriorated (+1.8 ppts). Nevertheless, it remains at a historically strong level of 94.7%, only second to 2024 FY in our time series running back to 2014 FY.

Underwriting performance — combined ratios (Cont.)

Diverging combined ratio performance between European and Bermudian reinsurers

Chart 18: Undiscounted combined ratios by Composite company

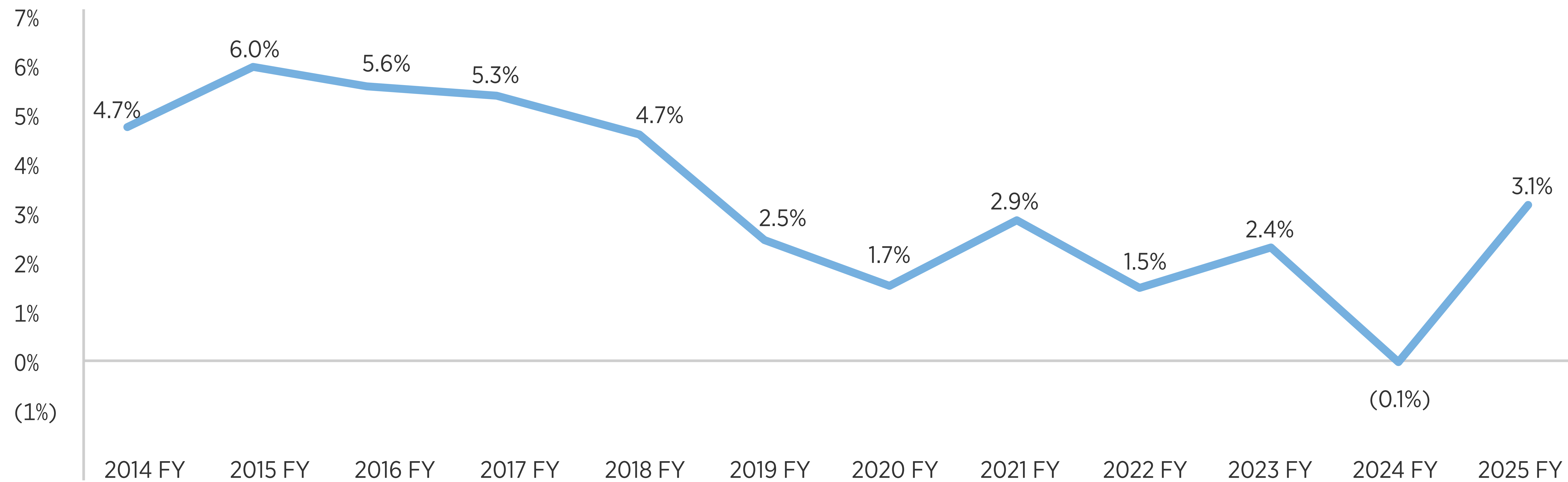


- Among the 12 Composite companies, five posted deteriorations in their undiscounted combined ratios in 2025 FY — all Bermuda-based — while the four European reinsurers reported improving combined ratios.
- Divergent performance between the Big Four European and Bermudian reinsurers reflects differences in business mix: Bermudians are more heavily exposed to US property cat, which was adversely impacted by the CA/LA wildfires in 2025, while the Big Four Europeans benefit from greater diversification and lower US exposure.
- Some of The Composite reinsurers, particularly the Big Four European reinsurers were explicit in actively managing their combined ratios, reinvesting unused catastrophe budget into higher reserve buffers where accounting permitted, through both prudent initial booking and conservative prior-year development.

Underwriting performance — prior-year loss development

Rebounding contribution from reserve releases, primarily driven by Swiss Re

Chart 19: Prior-year reserve development impact on combined ratio for The Composite[22]



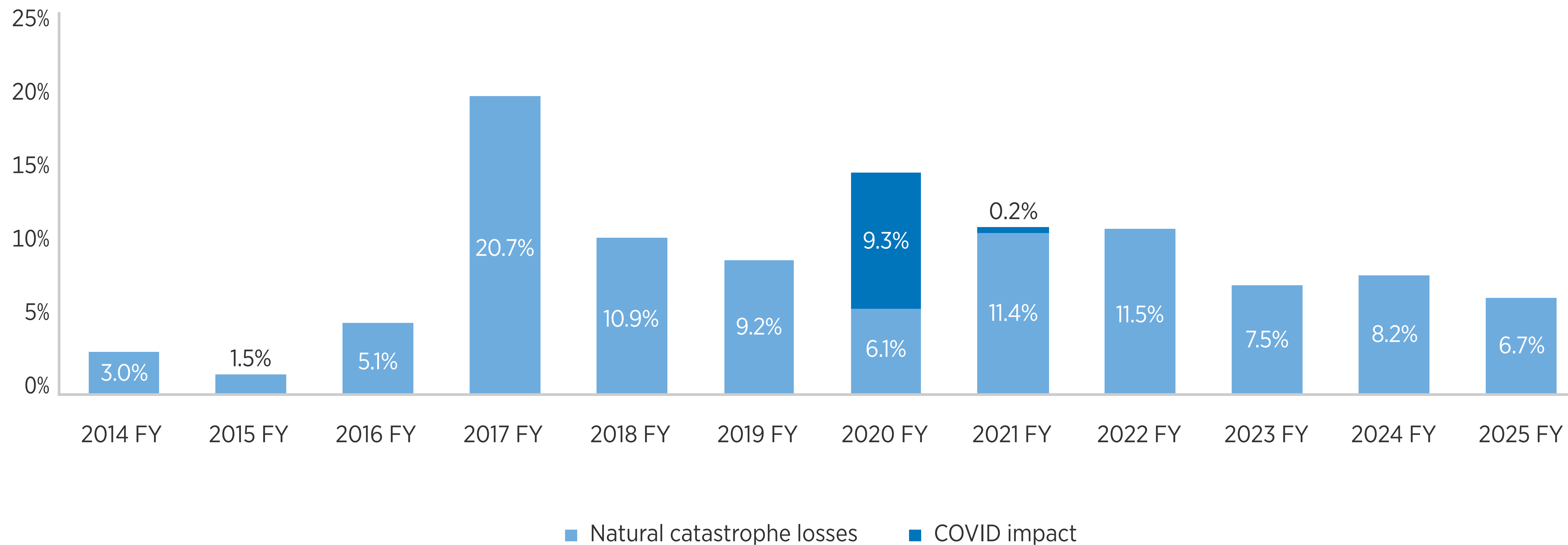
- Across Composite companies, reserve releases benefitted reinsurers' combined ratios by an average 3.1% in 2025 FY, versus a 0.1% strengthening in 2024 FY. This is the highest level since 2018 FY and close to the long-term average since 2014 FY (3.4%).
- Reserve releases rose to USD3.3Bn, equivalent to 10% of pre-tax profit, a level broadly in line with 2023 FY and well below the levels observed between 2014 FY and 2022 FY.
- This was largely driven by a reduction in Swiss Re's adverse reserve development following corrective actions in 2024 FY, which resulted in a USD2.6Bn reserve strengthening.
- Some reinsurers continued to strengthen reserves in response to uncertainty around US casualty loss trends and adverse development on aviation exposures linked to the Russia/Ukraine war, while the majority released reserves within property lines.

[22] PYD is estimated for Swiss Re in 2023 FY and for SCOR between 2023 FY and 2025 FY

Underwriting performance — natural catastrophe losses

Reducing impact of natural catastrophes on the combined ratio, despite CA/LA wildfires

Chart 20: Natural catastrophe impact on combined ratio for The Composite

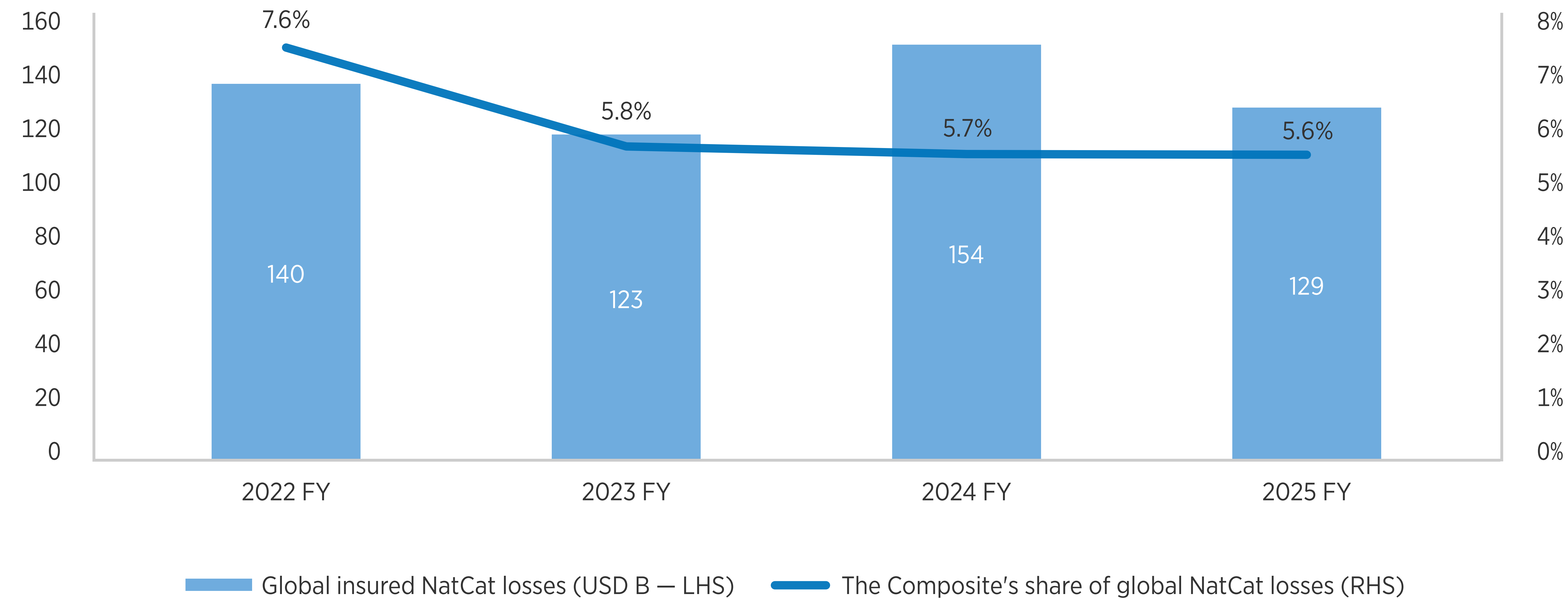


- The impact of natural catastrophes on the combined ratio reduced by 1.5 ppts to 6.7% in 2025 FY (from 8.2% in 2024 FY) across Composite companies. Elevated losses in the first half of the year, driven by CA/LA wildfires, were followed by a benign second half. Overall, catastrophe losses remained materially below normalised levels (9.5%).

Underwriting performance — natural catastrophe losses (Cont.)

Reducing global insured catastrophe losses

Chart 21: Global insured natural catastrophe losses and The Composite's share of natural catastrophe losses[23]



- Gallagher Re estimates that insurers covered at least USD129Bn[24] in losses from natural perils in 2025 FY, decreasing from USD154Bn[25] as originally reported for 2024 FY and 5% lower than the ten-year average. Global catastrophe losses remained heavily concentrated in the US, which accounted for 77% of the total, while the rest of the world experienced below-average catastrophe activity. CA/LA wildfires drove 32% of global insured losses, while severe convective storms (SCS) drove around 47% of insured losses globally, the majority in the US.
- The Composite companies carried 5.6% of those global catastrophe losses in 2025 FY, a broadly stable level compared to 2024 FY. A closer analysis of these figures reveals that those companies covered approximately 11% of CA/LA wildfire losses but just over 3% of all other global catastrophe losses. This suggests that a large proportion of the smaller events are likely to remain within the retentions of primary insurers.

[23] Industry totals are based on Gallagher Re's Natural Catastrophe and Climate Reports back to 2022

[24] Gallagher Re's Natural Catastrophe and Climate Report 2025

[25] Gallagher Re's Natural Catastrophe and Climate Report 2024

Underwriting performance — natural catastrophe losses (Cont.)

Reduction in natural catastrophe losses driven by the Big Four European reinsurers

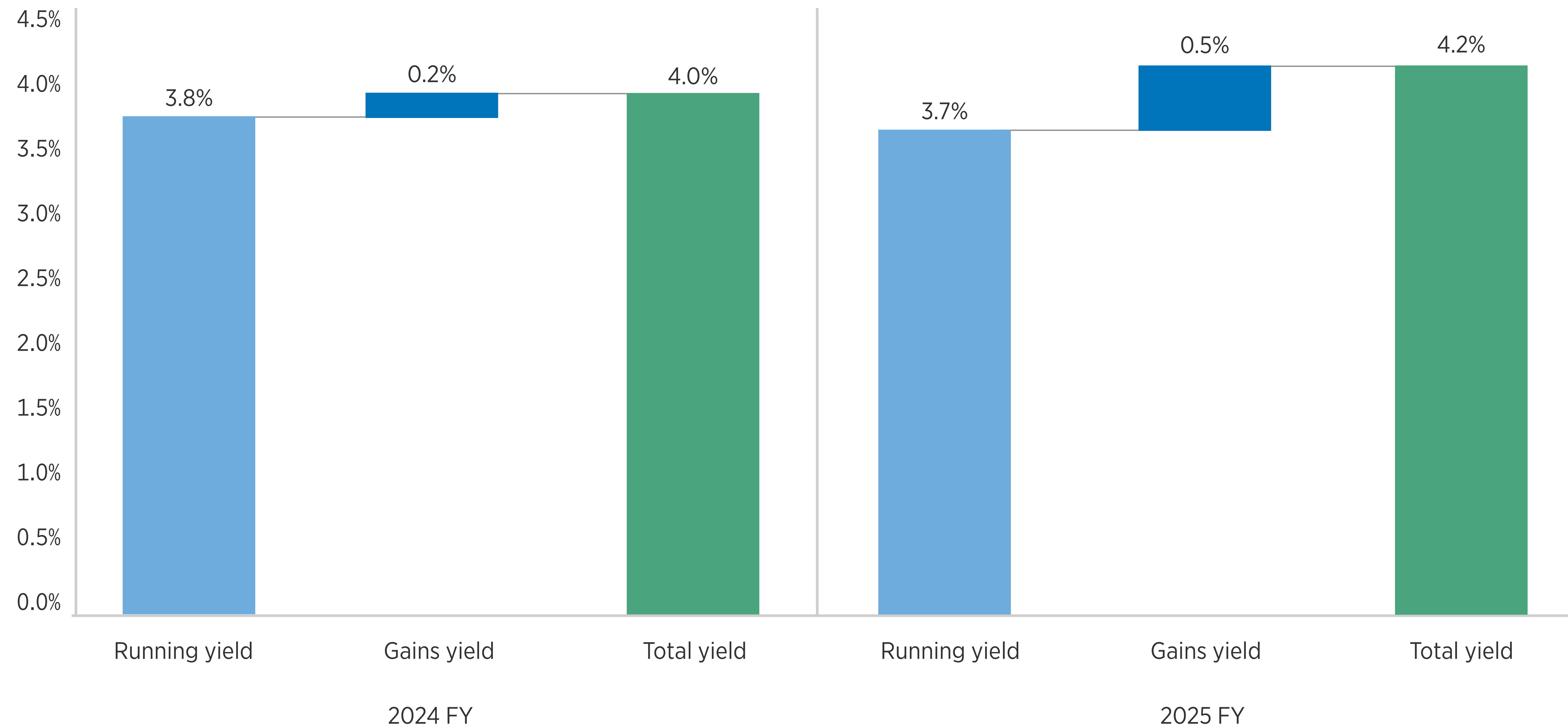
Chart 22: Natural catastrophe impact on combined ratio by Composite company

- All of the Big Four European reinsurers experienced flat or decreasing impact from natural catastrophes on their combined ratios. Most notably, all of them experienced natural catastrophe losses below their budgets.
- The picture among the Bermudian reinsurers is more contrasted, with certain companies experiencing a sharp increase in natural catastrophe losses in 2025 FY driven by CA/LA wildfires. Mixed fortunes reflect business concentrations, particularly among the smaller players. For example, Conduit Re had an outsized exposure to CA/LA wildfires while WMIG Ark experienced heavier losses from 2024 FY US hurricanes.

Investment performance

Increasing investment yield driven by investment gains

Chart 23: Investment yield for The Composite[26]



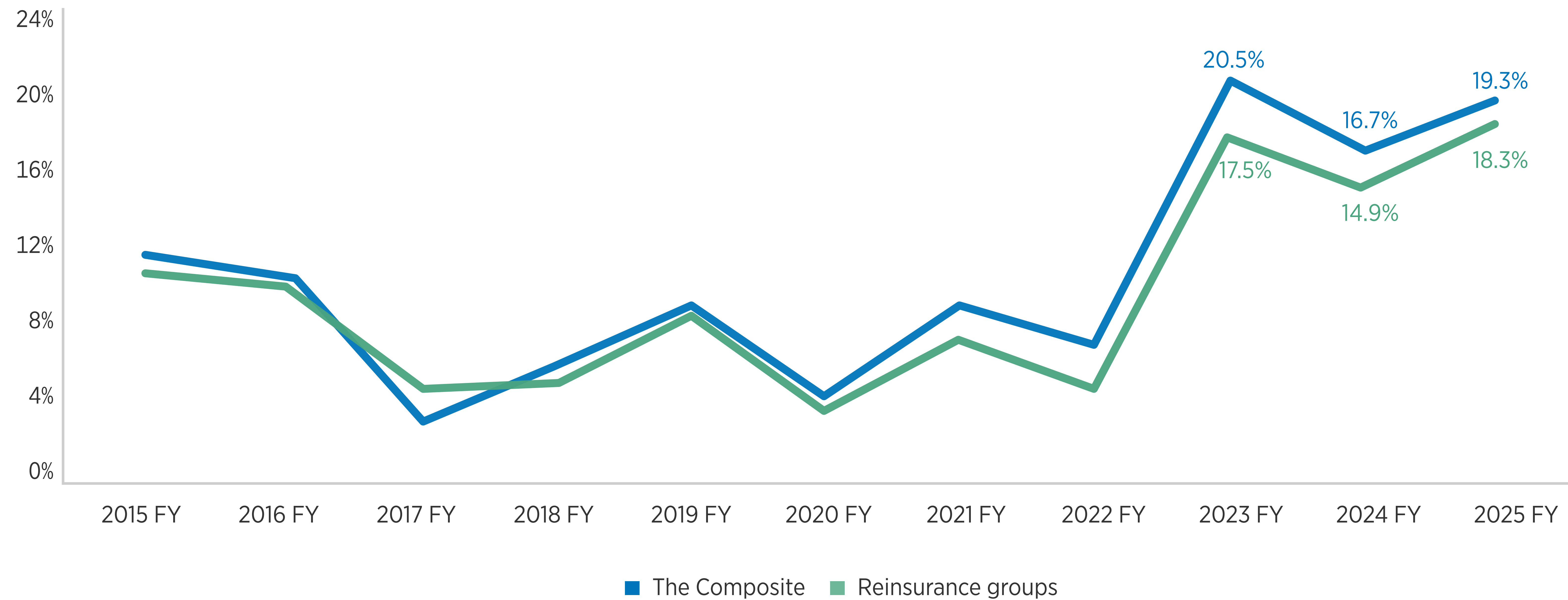
- The total investment yield among The Composite companies increased from 4.0% in 2024 FY to 4.2% in 2025 FY, driven by a growing gains yield from lower market interest rates and a benign equity market.
- Running yields edged marginally lower (-0.1 ppts) to 3.7% in 2025 FY. A majority of companies (7 of 12) reported modest — typically fractional — declines in running yields. Some of these declines were caused by deliberate investment de-risking by some of the Bermudian reinsurers (e.g., RenaissanceRe, Everest Re and Arch). European reinsurers typically reported marginally increasing running yields as portfolio yields continued to converge towards new money yields. Some companies also opportunistically realised losses in order to reinvest into higher-yielding assets.

[26] Running yield captures items such as bond coupons, equity dividends and interest income

Return on equity

Improving headline ROE across the industry

Chart 24: ROE time series for Reinsurance groups and The Composite companies

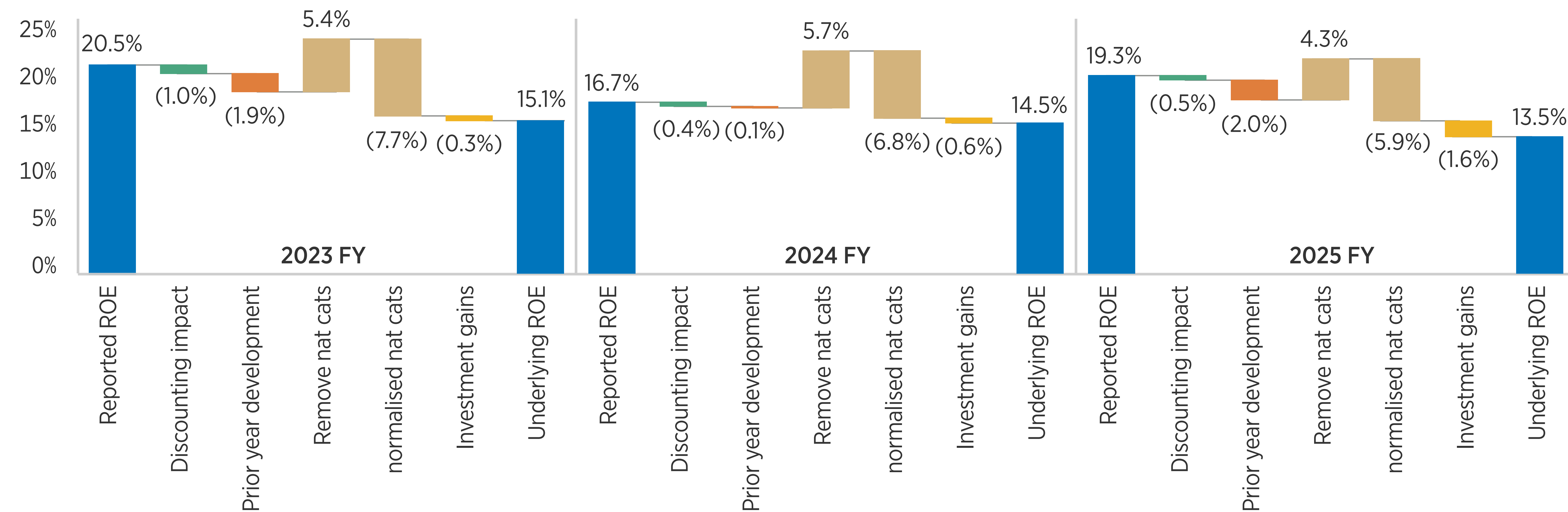


- Reinsurance groups experienced their best year in more than a decade, delivering an 18.3% ROE on average across the companies included in our analysis.
- The Composite's ROE rose to an average of 19.3% in 2025 FY, up from 16.7% in 2024 FY. This represents the second-strongest performance since 2015 FY, only marginally behind 2023 FY.
- The recent performance gap between the Reinsurance groups and The Composite is largely driven by greater diversification within The Composite's companies, supporting capital efficiency, as well as their heavier exposure to US natural catastrophes, which has been particularly profitable in recent years.

Return on equity (Cont.)

Better reported ROE driven by nat cats, PYD and investment gains, underlying ROE continues to decline

Chart 25: ROE analysis for The Composite[27]



Decline in underlying ROE driven by reduced underlying underwriting margins and investment income

Chart 26: ROE components for The Composite

	2023 FY	2024 FY	2025 FY
Underlying underwriting margin	2.5%	5.0%	3.3%
Running investment income	10.6%	11.9%	11.2%
Other income/expenses	2.0%	(2.4%)	(1.1%)
Underlying ROE	**15.1%**	**14.5%**	**13.5%**

[27] 2024 FY prior-year reserve development is marginally adverse to the combined ratio, but marginally favourable to the ROE driven by tax effects

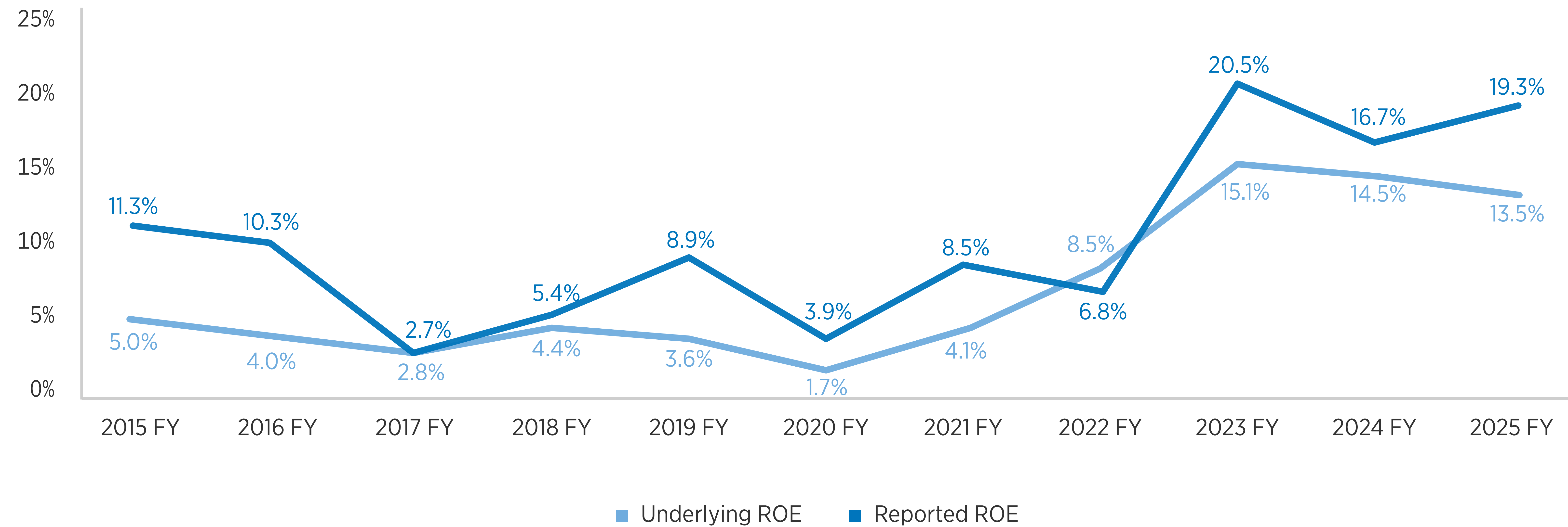
[28] The underlying ROE replaces actual natural catastrophe losses with a normalised natural catastrophe load, strips out prior-year reserve movement, the net impact of discounting (for IFRS 17 reporters), and the impact of realised and unrealised investment gains and losses

- Drilling down into The Composite, the increase in the reported ROE in 2025 FY was primarily driven by resuming prior-year reserve releases, lower natural catastrophe losses and gains on the investment portfolio. The favourable results were widespread with only three Composite companies — all Bermudians — reporting ROE deteriorations and nine of the 12 Composite companies reporting ROEs over 15%.
- Adjusting for all these factors and reflecting a normalised view on natural catastrophe losses, The Composite's underlying ROE[28] continued its deteriorating trend that began in 2023 FY, albeit still strong at 13.5% in 2025 FY.
- The underlying ROE declined 1.0 ppts in 2025 FY driven by a lower contribution from underlying underwriting results (-1.7 ppts) and lower running investment income (-0.7 ppts), partly offset by reducing adverse impact from other income/expenses (+1.3 ppts).
- The deterioration in underlying underwriting contribution is partly explained by the softer market environment as well as shareholders' equity growth outpacing growth in revenue and profits. The lower investment income contribution is driven by fractionally lower running yields.
- The 'other' component, which captures non-reinsurance activities and earnings drivers outside P&C reinsurance underwriting and investment income, was materially adversely affected in 2024 FY by company-specific actions, particularly Everest's primary P&C and SCOR's L&H Re reserve strengthening. Some adverse items continued into 2025 FY, but had a materially lower impact on the aggregate Composite numbers.

Return on equity (Cont.)

Reported ROEs expected to decline in 2026 but remain above the cost of equity

Chart 27: ROE time series for The Composite



- 2025 FY was a particularly profitable year on average for The Composite, partly driven by a benign natural catastrophe environment but also by solid underlying profitability. While underlying ROEs declined, they remain strong by historical standards, well above the levels observed between 2015 FY and 2022 FY, and comfortably above the cost of equity.
- Such a level of profitability should provide a sizeable earnings buffer allowing reinsurers to absorb expected margin erosion in 2026 as pricing continues to soften.

Appendix 1

Our definition of capital includes shareholders' equity, subordinated debt and minority interests. As noted in the introduction, we have updated our methodology on how we select constituents to be included in our calculation of traditional reinsurance capital. This is made up of two groupings; the Reinsurance groups and the Diversified groups. In our profitability analysis we have introduced the Gallagher Reinsurance Composite (The Composite), which is a sub-grouping of the Reinsurance group. Our criteria for selecting the constituents in each of these groupings is shown below along with a table with a full list of companies in each category. For all Composite companies except Lancashire and Hamilton, underwriting performance data relates to the reinsurance segment only. For Lancashire and Hamilton, we have used group data instead due to lack of disclosure.

Data for all prior years has been restated in a consistent way to ensure it is fully comparable with the 2025 data. Although the data for historic years has changed, the key conclusions discussed in previous reports remain unchanged.

Reinsurance groups
Reinsurance premium makes up at least half of total premium. For these companies, we include total consolidated capital.

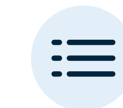
Diversified groups
Reinsurance premium makes up less than half of total premium. For these companies, we include capital on a pro rata basis based on the percentage of total premium accounted for by reinsurance premium.

The Composite
The Composite represents the large Bermudian and the Big Four European reinsurers which provide the granular disclosure needed to analyse trends in the underlying combined ratio and ROE. We use P&C reinsurance segment combined ratios for those reinsurers which provide the disclosure. Otherwise, we use group combined ratios. In calculating the Composite averages, we weight these combined ratios by the appropriate segment or group net earned premium.

Groupings by key geography and market
We have updated our methodology to better track trends in capital and profitability for key geographies and markets, including the Big Four European, Bermudian, Berkshire Hathaway, L&H, North American, Other European, Lloyd's, APAC and LatAm markets. In the case of Lloyd's, individual syndicates are not separately included in our analysis. This is because many of the companies we include have capital backing Lloyd's syndicates, which is included in each company's individual capital contribution.

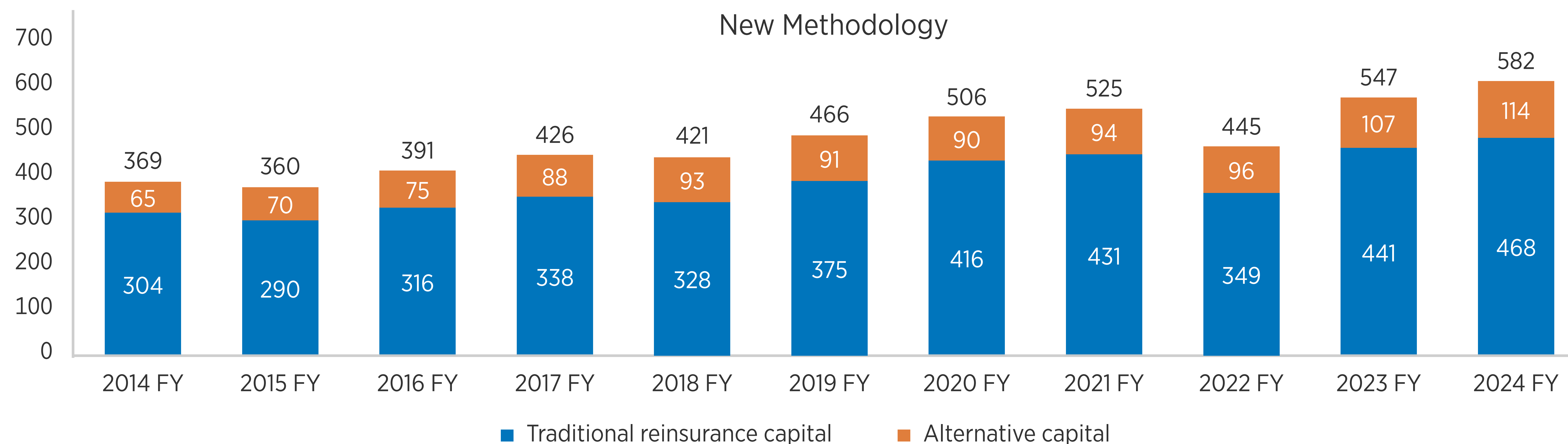
Implied cost of equity
For each publicly traded company in The Composite, the implied cost of equity is derived based on the Gordon Growth Model using analyst consensus estimates for ROE, growth and price-to-book multiples, sourced from Visible Alpha. The cost of equity is then aggregated at The Composite level weighted by market capitalisation.

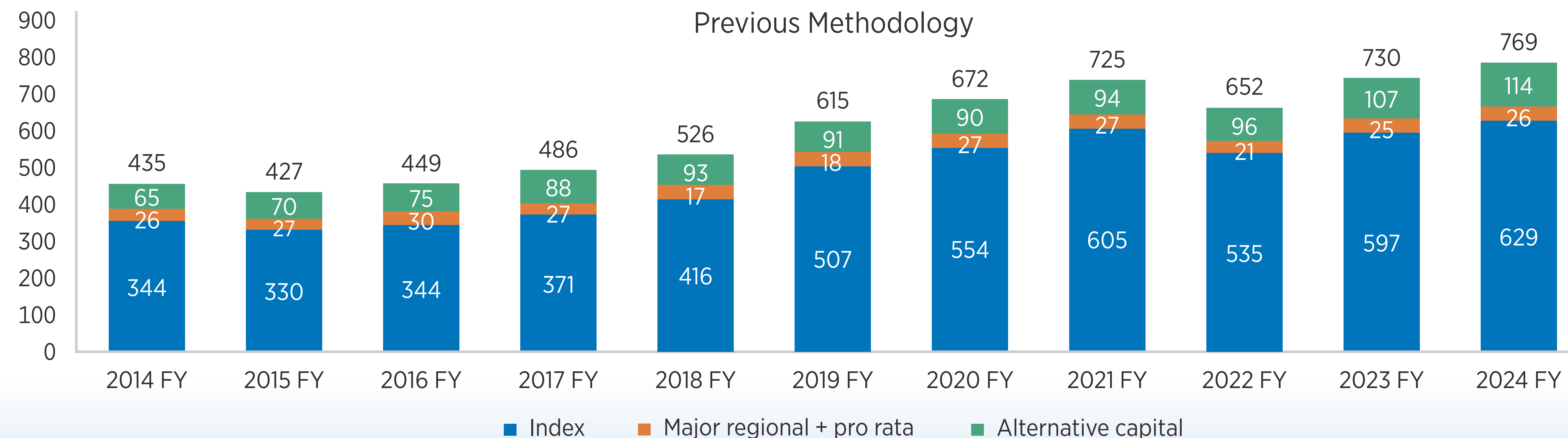
Total reinsurance market report companies					
The Composite	**Reinsurance groups**			**Diversified groups**	
Arch Capital	Africa Re	Echo Re	Peak Re	Ageas	The Hartford
Conduit Re	AmericanAg	GIC Re	PICC RE	Allianz	Helvetia
Everest Re	Antares Re	Harrington Re	Qianhai Re	Ascot	Hiscox
Greenlight Capital Re	Arundo Re	IRB(Re)	R+V Versicherung	Aspen	Inigo
Hamilton	Atlantic Re	Kenya Re	RGA	AXIS Capital	Liberty Mutual
Hannover Re	AXA XL Re	Korean Re	Sava Re	Berkshire Hathaway	Markel Group
Lancashire	Barents Re	Malaysian Re	Somers Re	Chubb	Pacific Mutual
Munich Re	Canopius Re	Mapfre Re	Taiping Re	Cincinnati Financial	QBE
RenaissanceRe	Central Re	Milli Re	Toa Re	Fairfax	SiriusPoint
SCOR	China Re	MS Reinsurance	Vantage Risk	Fidelis	Sompo International
Swiss Re	Convex Re	Nacional Re	VIG Re	Great-West Lifeco	W.R. Berkley
WMIG Ark	Deutsche Rück	PartnerRe			
	DEVK Re	Patria Re			



Appendix 2

Chart 28: Capital (USD Bn)





- On this page and the next page we show the key charts for our capital and profitability analysis under our updated and previous methodologies. Although the absolute amount of traditional reinsurance capital has changed, the directional development remains comparable with our previous methodology.

Chart 29: Combined ratio

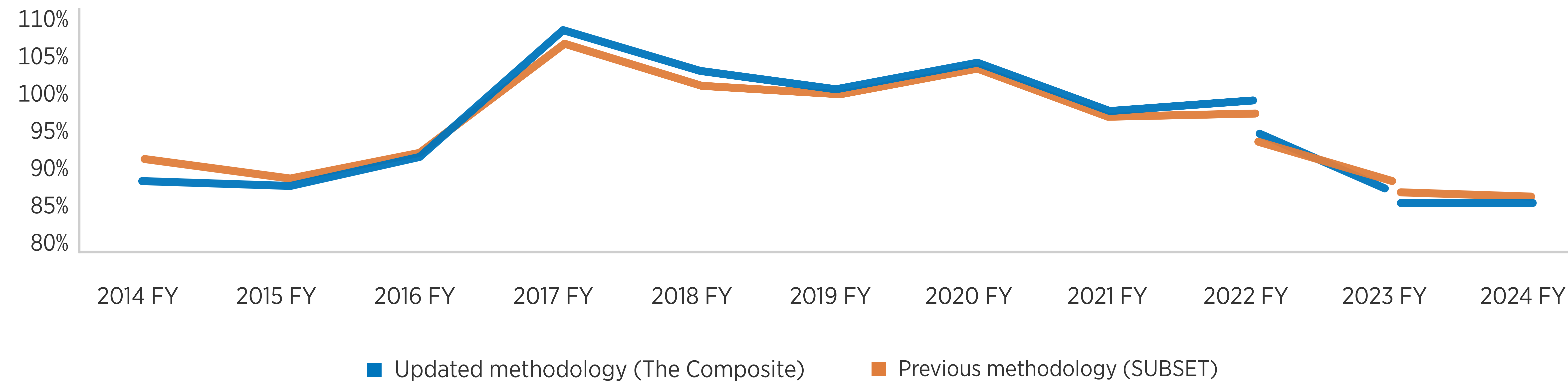
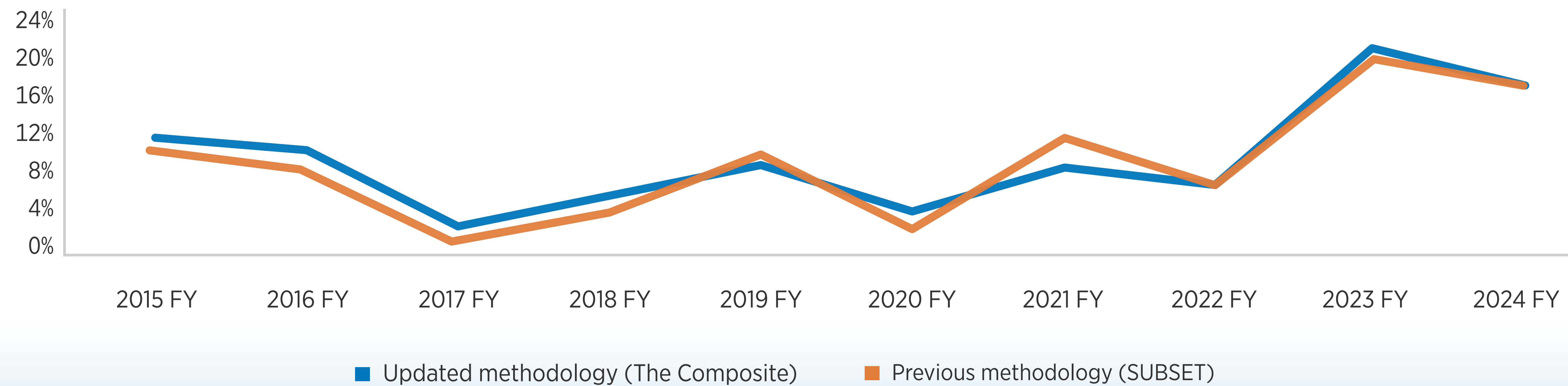


Chart 30: Return on equity



- Looking at profitability, the time series charts for the Return on Equity and combined ratio analysis under our updated methodology (based on the Composite) are closely comparable with our previous methodology (based on the SUBSET).

For questions regarding this report, please contact:

Michael van Wegen
Head of International, Global Strategic Advisory
Gallagher Re
michael_vanwegen@GallagherRe.com
+44 20 3003 1314

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