Howden Re Business Intelligence

Putting capital to work

(Re)insurer earnings overview at half year

An industry report by Howden Re

August 2026

HY 2026 overview

Rate softening is widespread and continuing

The competitive pricing environment persists, but has yet to translate to weak earnings

Capital with a purpose: from accumulation to allocation

Strong operating performance supports capital returns and strategic growth

Disciplined portfolio decisions

(Re)insurers are diversifying earnings, retaining attractive lines and growing with preferred clients

Reserving from a position of strength

Continued, favourable prior-year development is key to maintaining low volatility throughout the cycle

HY 2026 overview

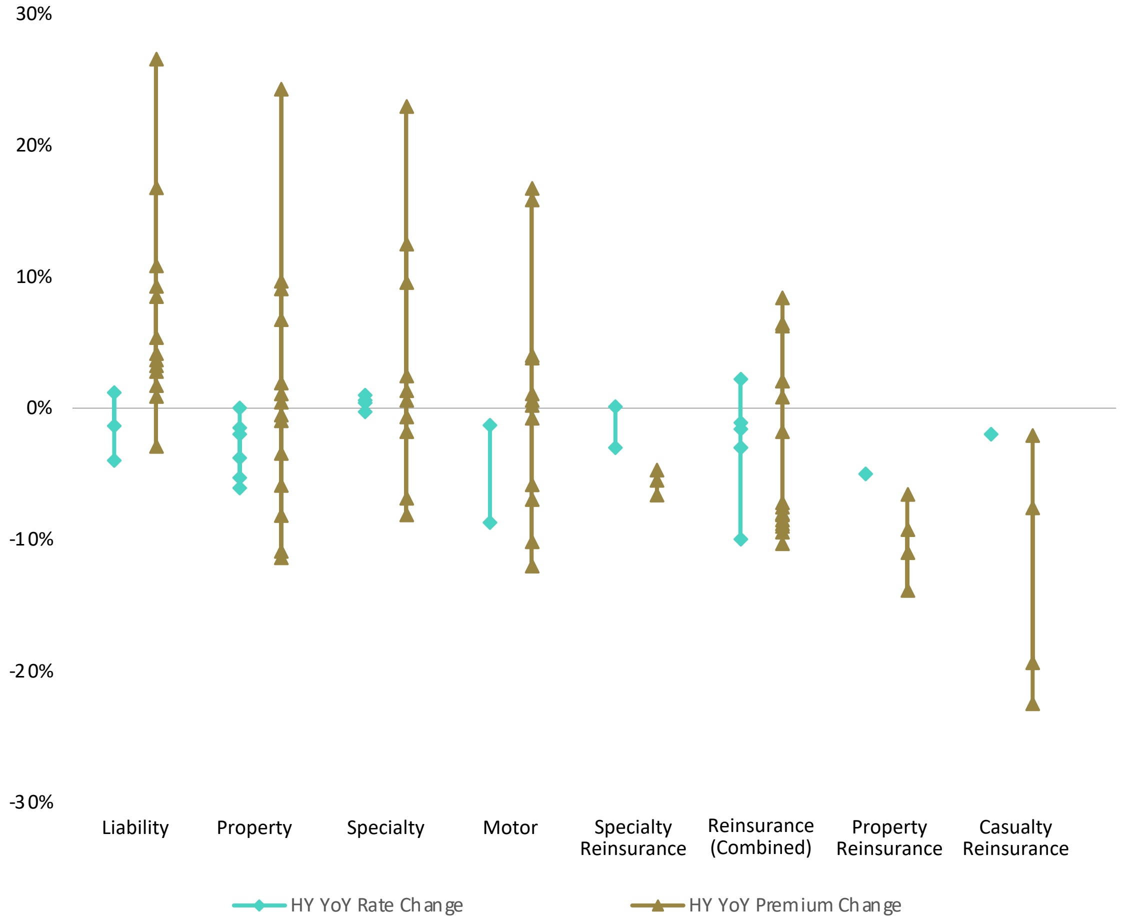
Source(s): Company half-year reports and investor presentations.

Note(s): HY25/26 premium volume data is based on a composite of 31 (re)insurers. HY25/26 rate change data is based on a composite of 13 (re)insurers. Specialty includes cyber, energy and other specialty business where reported.

Premium volume trends diverge amidst broad rate softening

Growth opportunities remain concentrated in select lines as carriers navigate increased pricing pressure

Individual rate vs GWP changes by line of business (HY2025 to HY2026)



Each data point represents a (re)insurer with premium or rate data disclosed by line of business

> "Casualty lines were down by 19%, while property premiums were relatively flat as growth in property pro-rata was offset by decreases in our cat book. We continued our targeted expansion in specialty lines globally, where risk-adjusted returns remain attractive.
>
> **Everest Re – HY26 Earnings Call**
> CEO James Allan Williamson

> "Today, the industry narrative surrounding growth is overly focused on softening premium rates. Premium rate adequacy is attractive across the vast majority of lines and there are structural growth opportunities across sectors, including infrastructure, cyber, facilities, data centres and energy.
>
> **QBE – HY26 Earnings Call**
> CEO Andrew Horton

YoY change in premium volume vs YoY rate change

Line of Business	HY26 YoY premium change ↓	HY26 YoY rate change
Liability	7.64%	-1.21%
Property	2.68%	-2.03%
Specialty	-0.59%	0.26%
Motor	-1.00%	-5.68%
Specialty Reinsurance	-6.37%	-1.45%
Reinsurance (Combined)	-6.82%	-2.75%
Property Reinsurance	-9.30%	-3.73%
Casualty Reinsurance	-14.58%	-0.65%

Source(s): NOVA

Notes: Hard market peak periods based on general market consensus.

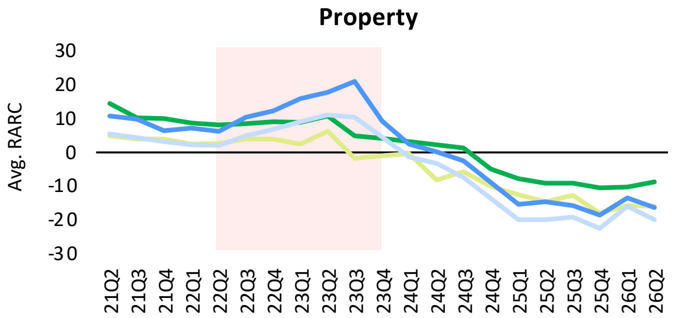
MDM - Midstream, Downstream & Mining

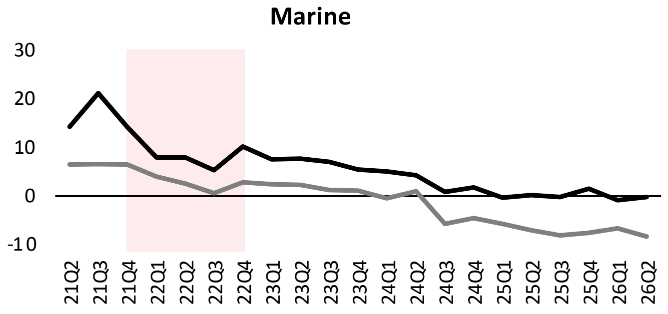
The market in perspective (Re)insurer earnings overview half year 2026. An industry report by Howden Re.

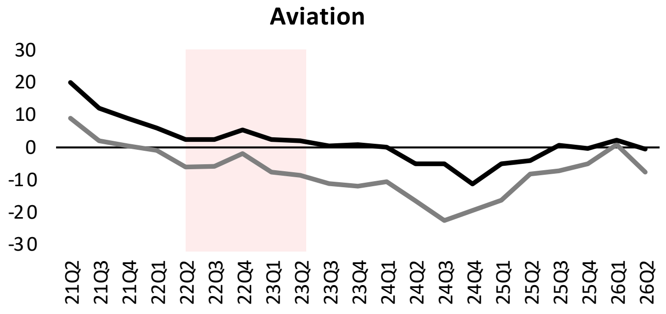
Rates ease across all lines - some more than others

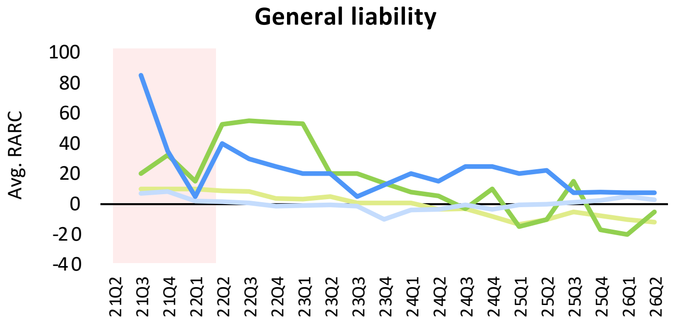
Signs of rate softening are clear across all business lines, but are most pronounced in preferred business within property and financial lines

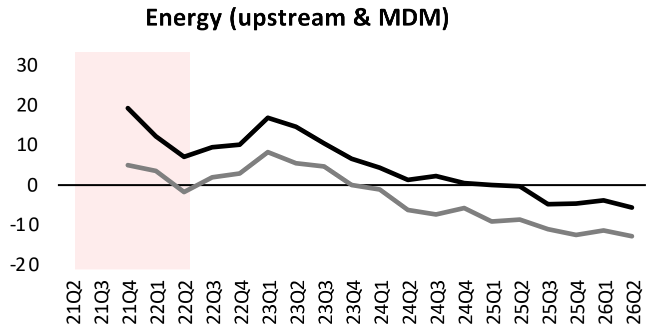
Average risk-adjusted rate change for loss-free accounts for preferred vs hard to place business for the period Q2 2021- Q2 2026

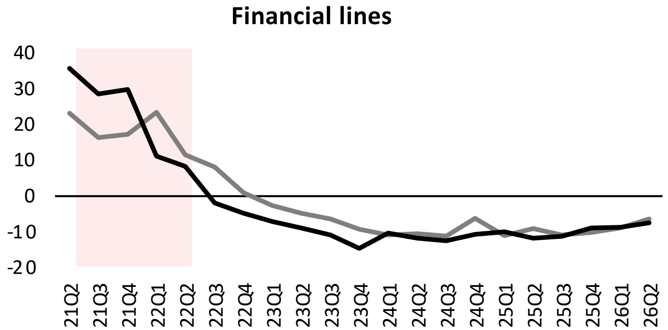












> “We truly believe that the market we are trading in is a favourable market; specific to property, yes, it's a big headwind. Rates have been coming down. We are much more optimistic on the casualty side. I think there's more competition there. But the market is remaining disciplined, especially on the insurance side.
>
> **Arch - HY26 Earnings Release**
> CEO, Nicolas Papadopoulo

RARC for free of loss accounts

- Preferred business (Global)
- Hard to place (Global)
- Preferred business (North America)
- Hard to place (North America)
- Preferred business (International)
- Hard to place (International)

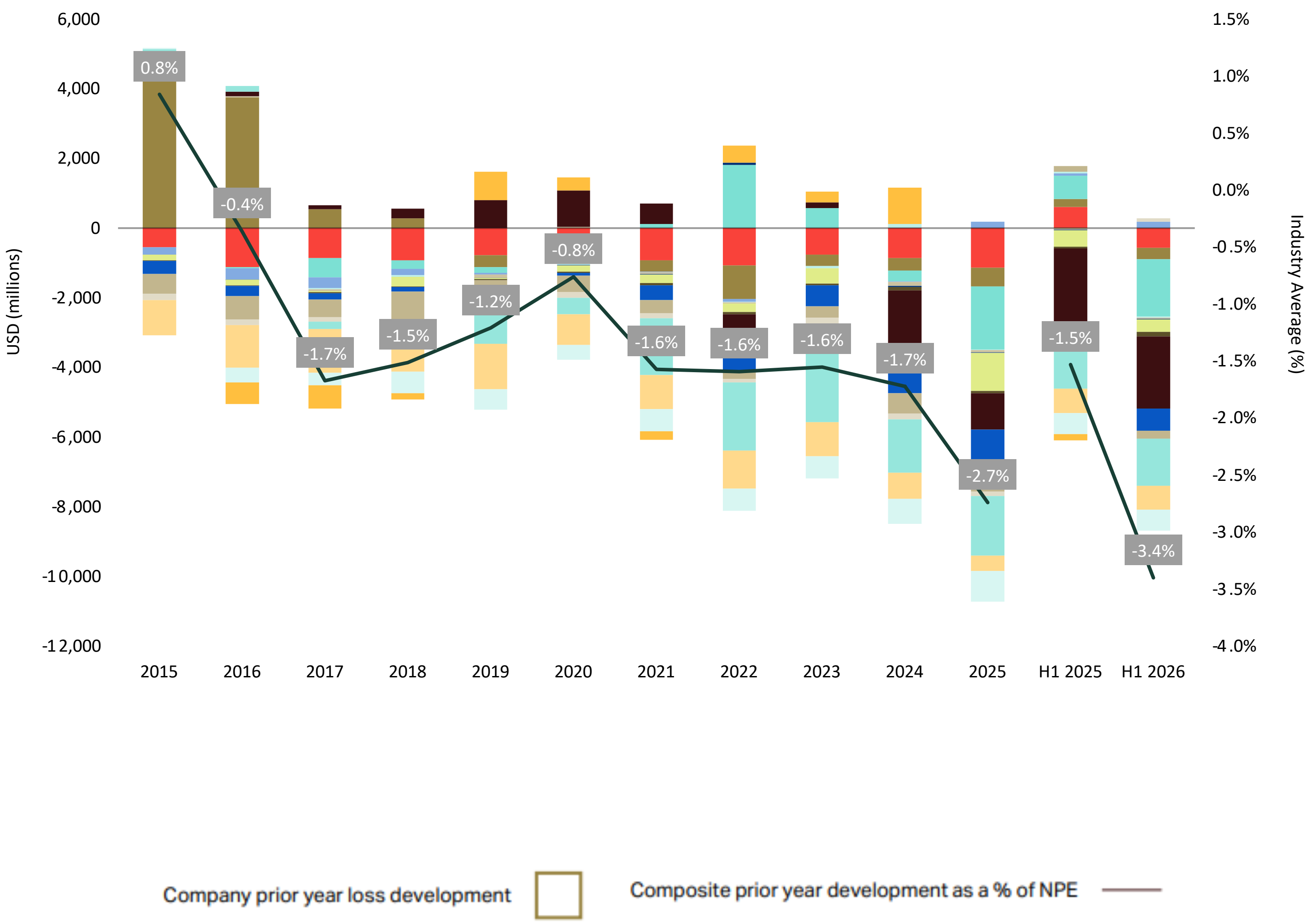
Hard Market Peak

Financial Lines	2020
Energy	2020-21
General Liability	2020-21
Aviation	2022
Marine	2022
Property	2022-23

Prior-year reserve releases made a meaningful contribution to underwriting performance

Most carriers are visibly utilising reserves to support earnings through the cycle

Prior year reserve development by (re)insurer



“We still aim to set the amount of provisions for newly emerging claims at the top end of the estimation range, so that risks are adequately taken into account and profits from the release of a portion of these reserves are possible following positive claims development.

Munich Re - HY26 Financial Report

“Prior year development contributed 2.4 points to the combined ratio, somewhat above our usual level.
We expect PYDs to remain modestly elevated in the near term, supported by positive experience from short tail lines, particularly from EMEA property.

Zurich – HY26 Earnings Call
CEO Mario Greco

“Underwriting income increased 10% year-over-year to $686 million, driven by improved accident year underwriting results and more favourable prior year reserve development.

AIG – HY26 Earnings Call
CFO Keith Walsh

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

Note(s): 2025 and H1 2026 exclude Swiss Re’s PYD figures.
The composite includes a variation of 18 companies.

The market in perspective
(Re)insurer earnings overview half year 2026.
An industry report by Howden Re.

Source(s): NOVA, company annual reports & investor presentations, Estimates from S&P, Insurance Insider.

Note(s): Graphs based on composite mix of 16 insurance and reinsurance companies.

Table average based on current weighted average ratio of 32 global insurance and reinsurance companies

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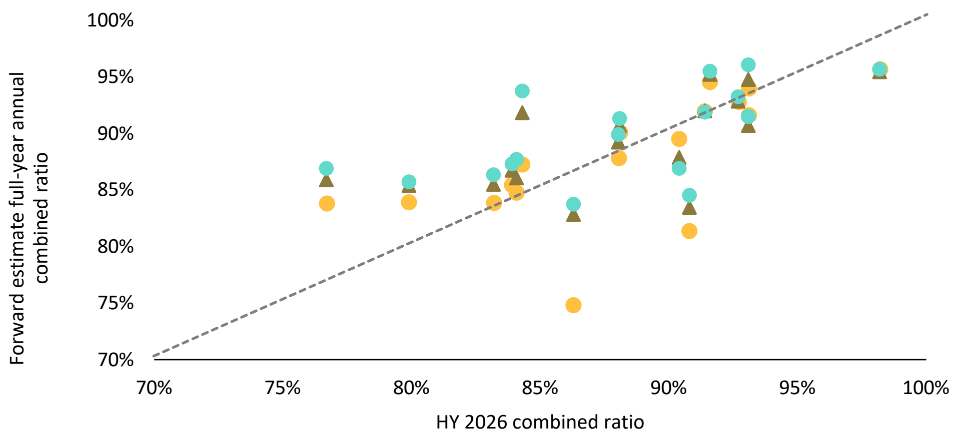
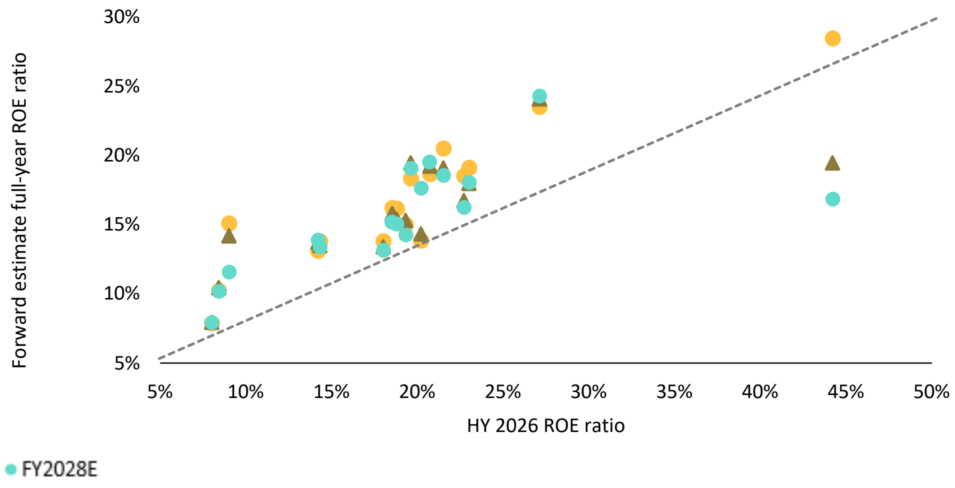
Investor optimism, despite some underwriting concerns

Forward combined ratio increases are consistent with market softening even as forward returns on equity estimates remain relatively stable. European profitability is trending more favourably than in North America and A-Pac.

Combined ratios by company – HY26 vs FY forward estimates



ROE by company – HY26 vs FY forward estimates



Combined ratios by region (%)

	Reinsurers	London Mkt	Europe	North America	APAC	Avg
Current	83.7	82.8	90.8	91.8	94.7	**92.0**
1 Month Ago	83.7	82.8	90.8	91.9	94.8	**92.0**
2 Months Ago	84.1	82.7	90.8	92.0	97.2	**92.4**
3 Months Ago	85.1	82.8	90.8	92.6	97.1	**92.8**
6 Months Ago	85.6	82.3	91.0	92.3	97.3	**92.6**
9 Months Ago	85.6	82.7	91.1	92.4	97.7	**92.8**
12 Months Ago	86.2	81.5	91.5	92.7	96.9	**93.0**
18 Months Ago	86.0	78.8	91.6	92.7	97.3	**93.0**

RoE by region (%)

Reinsurers	London Mkt	Europe	North America	APAC	Avg
17.2	14.9	17.3	16.0	16.8	**16.4**
17.1	14.9	15.3	15.9	16.7	**16.3**
17.0	15.3	15.0	15.9	16.5	**16.3**
17.0	15.0	15.2	15.5	16.3	**16.0**
16.9	15.9	16.0	15.3	15.7	**15.8**
17.3	17.6	16.5	15.7	14.9	**15.9**
16.8	18.0	16.2	15.8	15.4	**16.1**
16.7	18.3	15.7	15.2	14.1	**15.4**

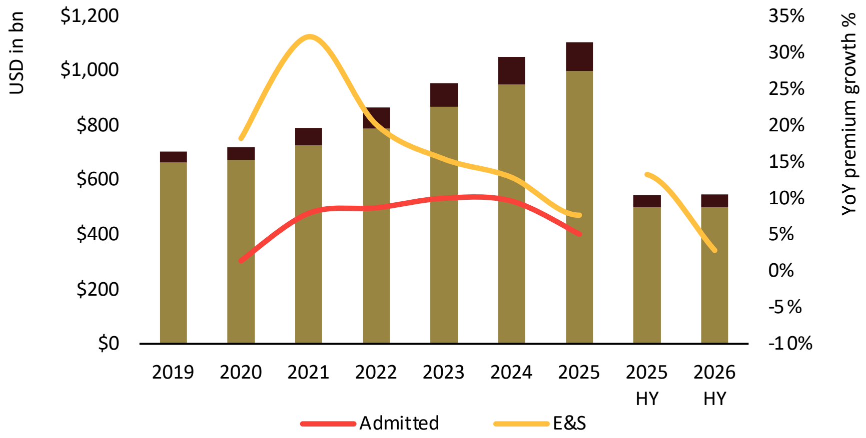
Source(s): NOVA, NAIC, Chubb, Business Insurance, WSIA, Company investor call transcripts

Note(s): WSIA stamping office midyear report based on 15 states. Admitted half year financials are not yet published, and indicative figures are placed for half year periods.

Clear bifurcation in the E&S market

US excess and surplus lines premium volume grew by 2.8% in H1 2026, versus 13.2% in H1 2025, as property premiums declined while liability premiums increased

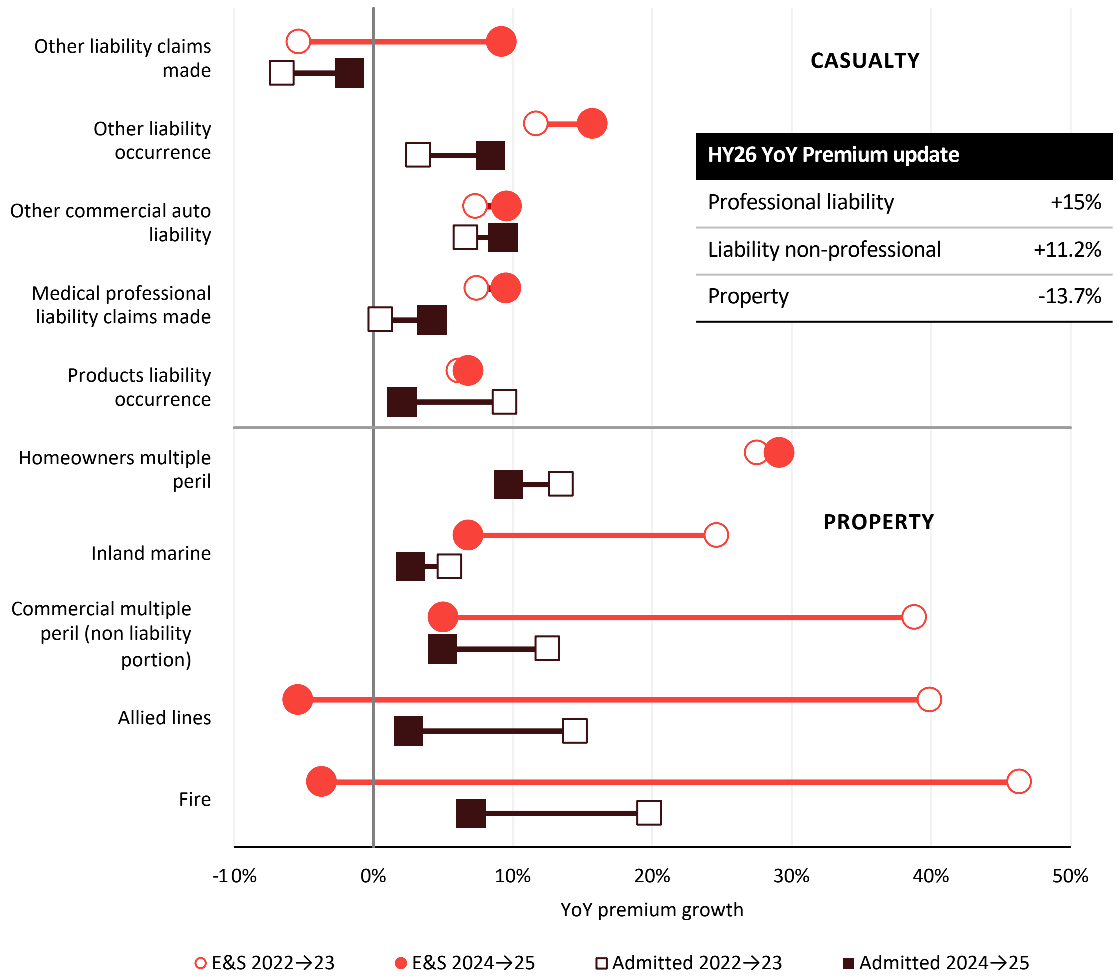
The E&S market is still expanding faster than admitted insurance, but the rapid growth phase is maturing



> We don't expect the market to recede and to soften like it has in cycles gone by because of the structural change in that most large, admitted carriers now own a non-admitted surplus lines company, and that business is where it belongs. It's in a place where they have freedom of rate and form, and we don't see a lot of it migrating back into the admitted market.
>
> **Timothy Turner, CEO, Ryan Specialty – Q2 2026 Earnings Call**

> We were seeing (competition from admitted markets on E&S products) incrementally more...the big thorn in the side of the marketplace tends to be these people running around with the pen for someone else, and they get paid based on the policy they write as opposed to the underwriting results they achieve.
>
> **W. Robert Berkley, Jr. , CEO and Chairman, W. R. Berkley – Q2 2026 Earnings Call**

Carriers are pulling back from property while casualty growth remains resilient – YoY premium growth across E&S and admitted lines 2022 vs 2025



HY26 YoY Premium update	
Professional liability	+15%
Liability non-professional	+11.2%
Property	-13.7%

Source(s): NOVA, company annual reports & investor presentations, Estimates from S&P, Insurance Insider.

Based on a composite of 32 insurance and reinsurance companies (where available) bar 2026 H1.

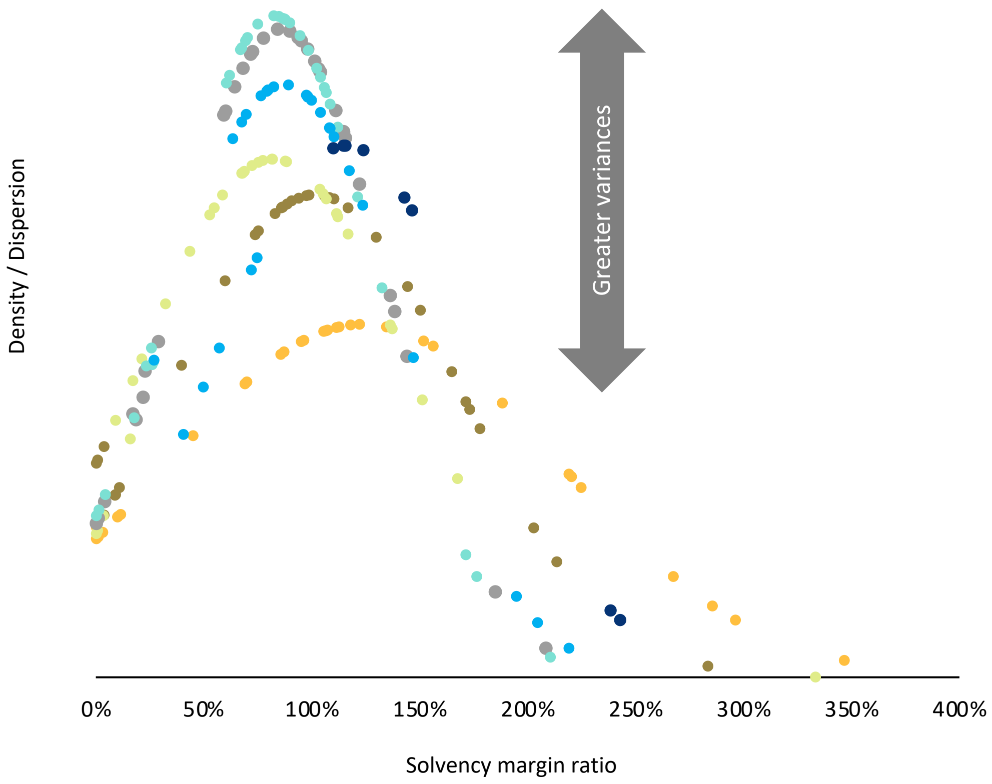
Y-axis represents the fitted normal probability density for each year's solvency/combined ratio distribution.

Improving solvency and combined ratios at HY26

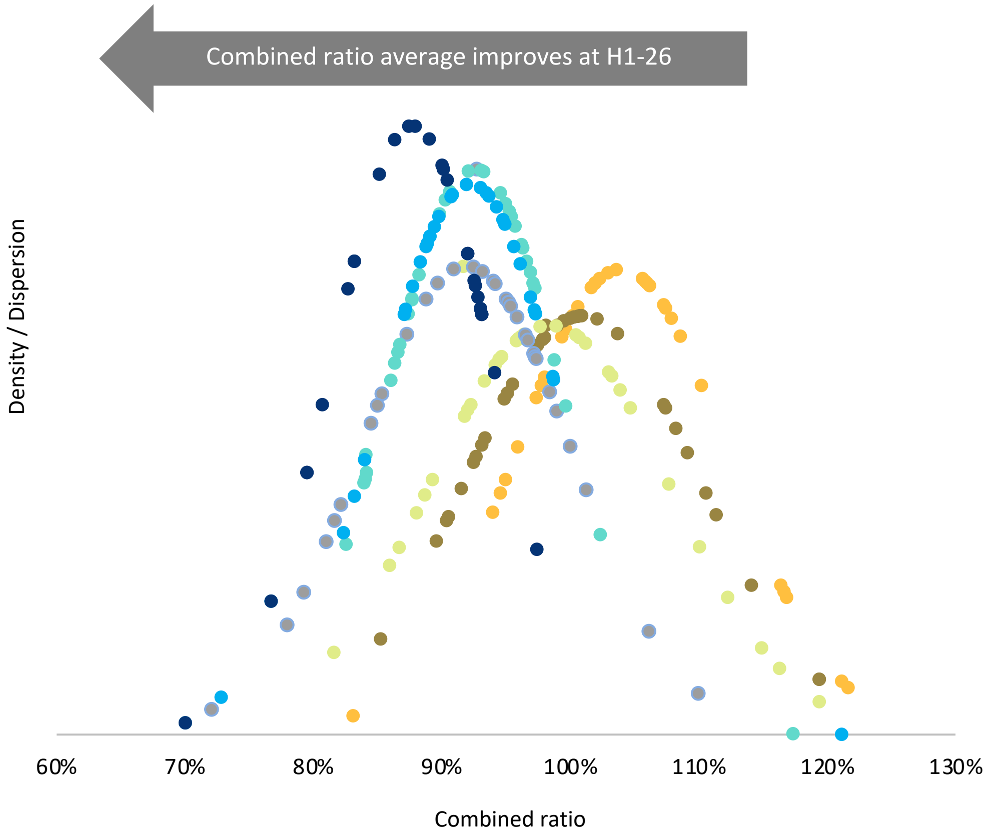
Strong profitability across reinsurers, supported by high investment income and disciplined underwriting

Global reinsurance composite from 2020 - H1 2026

The greatest concentration of companies is centred around 1:1 surplus to premiums, with incrementally fewer heavily capitalised outliers



Strong underwriting profitability amongst the majority, with the average shifting left as performance improves



FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 HY 2026

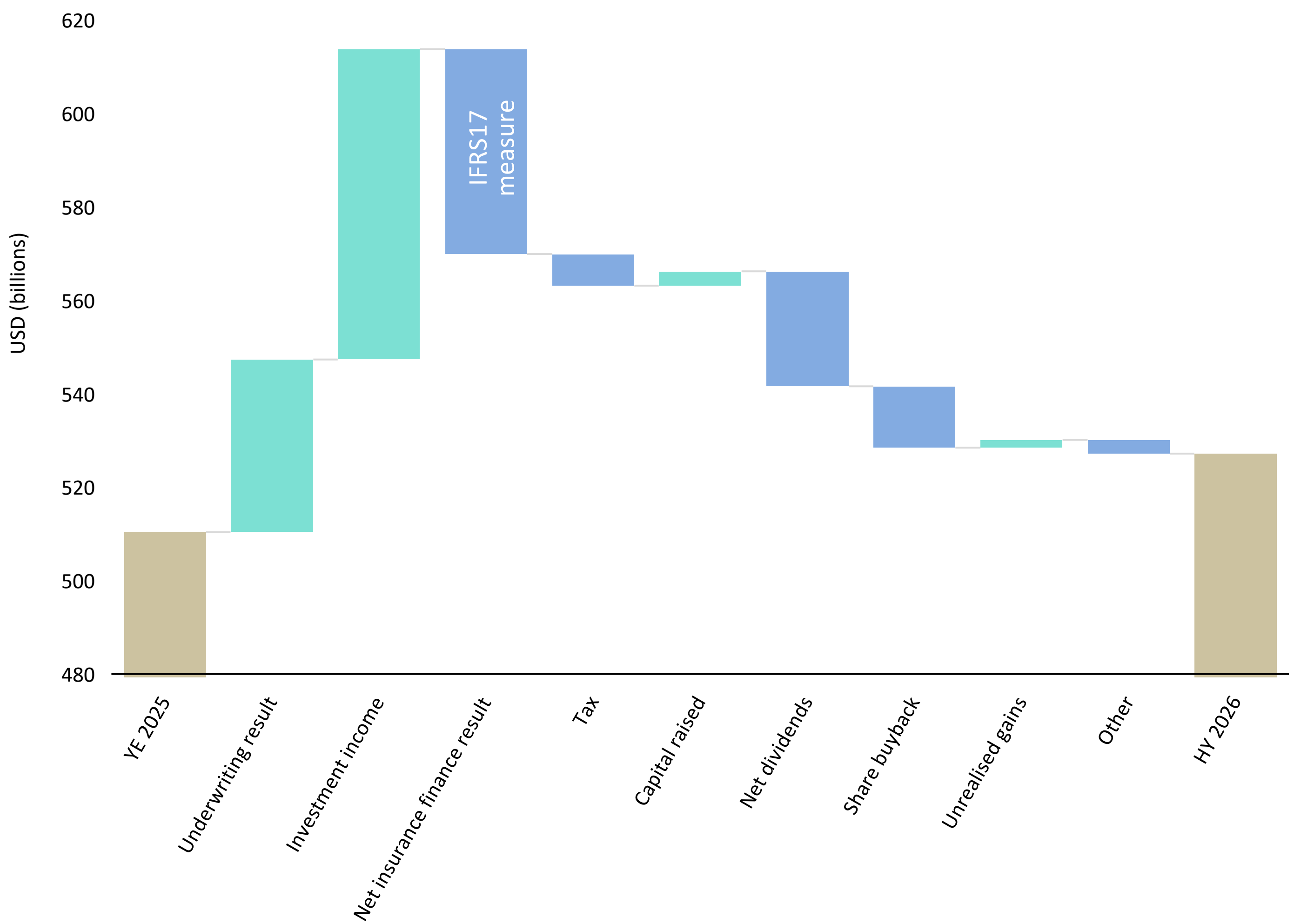
Source(s): NOVA, AMB, Fitch, Earnings reports

Note(s): Other includes interest expense, other operating income (loss) and other comprehensive income (loss). Net insurance finance result includes the IFRS 17 metric: re/insurance finance income/expenditure. Composite includes a variation of 27 (re)insurance companies globally.

Earnings outpaced payouts, driving a 3% increase in composite capital at HY26

Composite capital increased, albeit less than last year, as (re)insurers pursued accretive M&A and increasing shareholder return

Composite capital change from YE2025 to HY2026



> The four largest European reinsurers, Munich Re, Swiss Re, Hannover Re, and SCOR, reported a stable, record average return on equity of 21.5% in H1 2026, supported by strong underwriting and investment results.
>
> **Fitch – HY26 Market Commentary**

> I am proud to announce the acquisition of Safety Insurance, which is fully aligned with our strategic objectives. This is important in our strategy to think always in a long-term vision. We have to cement our presence in the U.S
>
> **Mapfre – HY26 Earnings**
> **Group Executive Chairman, Antonio Huertas**

> AFG continued to have significant excess capital at June 30, 2026. Returning capital to is an important and effective component of our capital management strategy. In addition, our capital will be deployed into opportunities expanding our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds.
>
> **AFG - HY26 Earnings**
> **Carl H. and S. Craig Lindner- Co CEOs**

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

Note(s): Risk-adjusted rate change refers to US P&C rate filings rate change impact % (disposition info). Property includes property and homeowners. Liability includes med-mal, occurrence and other liability lines as reported. OROE refers to 'Pre-tax operating ROAE' of US P&C combined industry as per S&P Capital IQ Pro. Capital refers to 'Surplus as regards to policyholders' as labelled by S&P CAP IQ pro.

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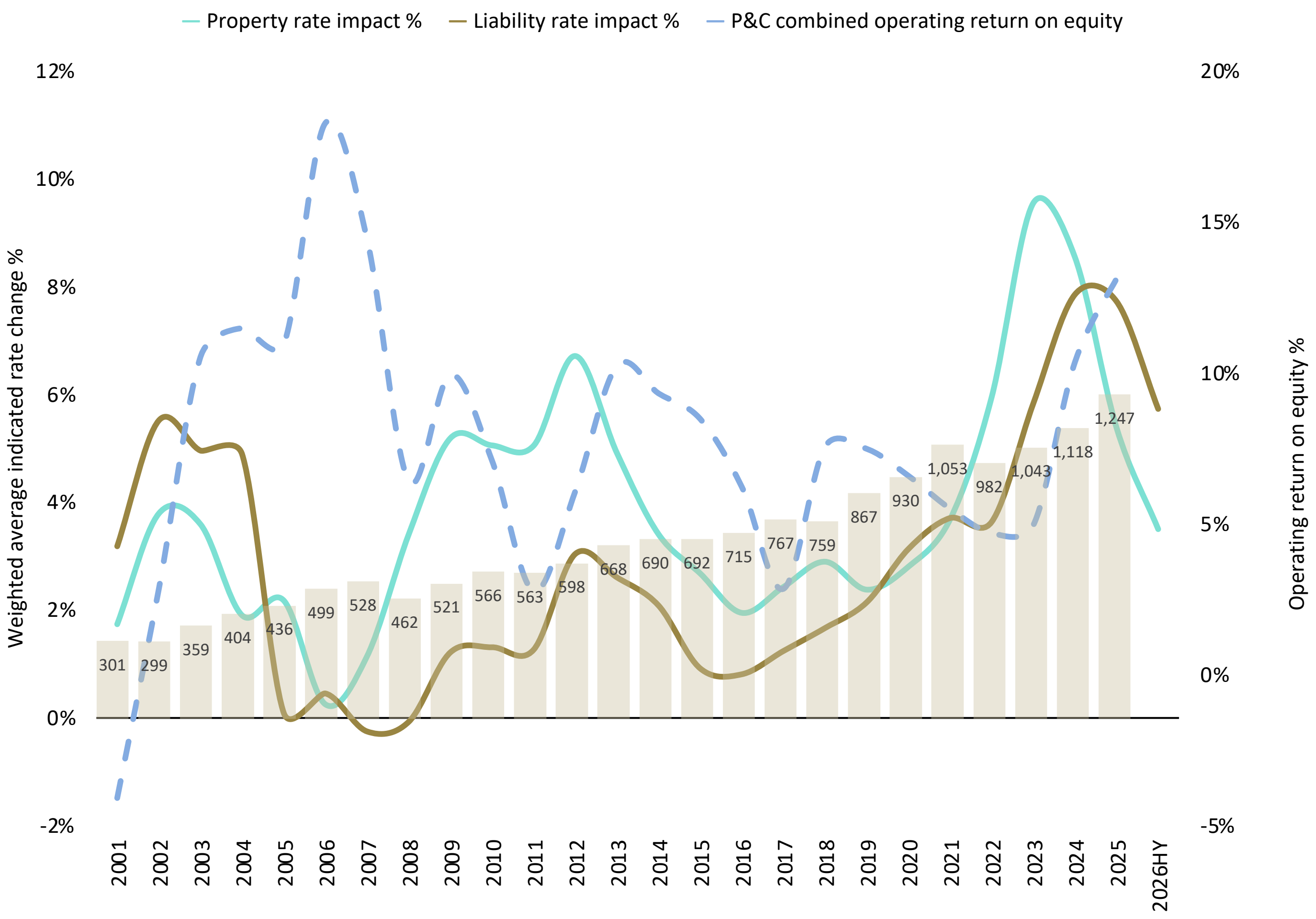
Cycle management: Adapting to the new normal

Property and liability rate reductions continue amidst sustained soft market conditions

US P&C approved rate filings - weighted average rate change impact % by year



"As we decisively manage the cycle, we have continued to decrease our exposure to US casualty lines and selectively reduced business, where pricing or structure did not meet our return thresholds.

Everest – HY26 Earnings Call
CEO Jim Williamson

"In terms of P&C markets, overly soft underwriting conditions persist in certain areas of property insurance globally, particularly large account and E&S related. In the meantime, soft market conditions are spreading to certain areas of casualty while financial lines also remain soft.

Chubb - HY26 Earnings Release
CEO Evan G. Greenberg

"Over the last 5 years, we have enjoyed favorable market conditions in property and short-tail lines. And consequently, we now face the early stages of a competitive market driven by an influx of capacity. This part of the cycle is to be expected.

Arch - HY26 Earnings Release
CEO, Nicolas Papadopoulo

Headwinds & tailwinds

As market pricing rebalances, an uncertain macroeconomic environment creates both opportunities and challenges for carrier strategy….

Headwinds

Longer-term price pressure may challenge margins and underwriting quality
Double digit property-cat pricing declines, with casualty following in a similar trajectory. Focus shifts from pricing to underwriting discipline.

Reserve releases may be short-lived, limiting future earnings support
Some insurers have disclosed that half-year reserve releases are coming from short-tail lines with minimal offset from long-tail lines.

Geopolitical tensions and renewed trade disruption
Tariffs have raised the cost of repairing and replacing insured assets, e.g. construction materials, machinery and vehicle parts, contributing to claims inflation.

Tailwinds

Benign catastrophe experience; rate adequate lines are still economically profitable
Natural catastrophe losses are well below FY budget; some areas of specialty are improving portfolio performance.

Falling reinsurance pricing is being utilised as a net-risk reduction tool across the board
Economically efficient reinsurance cessions is lowering cedent exposure, widening the gross to net loss spreads and actively arbitraged against equity and debt capital.

Continued high interest rates (vs. pre-2022)
(Re)insurers are achieving higher running yields, supporting earnings as underwriting margins begin to compress. Regulatory capital ratios are generally positively geared to higher bond yields.

Summary and outlook

Are we in a new phase of the cycle?

Profits are up, pricing is down, underlying underwriting margins (ex-cat, ex PYD) are flat: Is this the classic late economic profit cycle phase?

Diligent risk management and diversification are now even more important.

At this point in the cycle, (re)insurers with diverse portfolios and capital structures – alongside strong risk selection – can smooth volatility and generally create greater economic value.

Capital is being actively managed.

Carrier earnings continue to strengthen balance sheets. Where not actively deployed into growth opportunities, it is being returned to shareholders.

Higher-for-longer interest rates continue to support investment income.

Investment income is a growing contributor to industry profitability, with the effect most pronounced in longer-tail carriers' earnings.

Summary and outlook

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

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