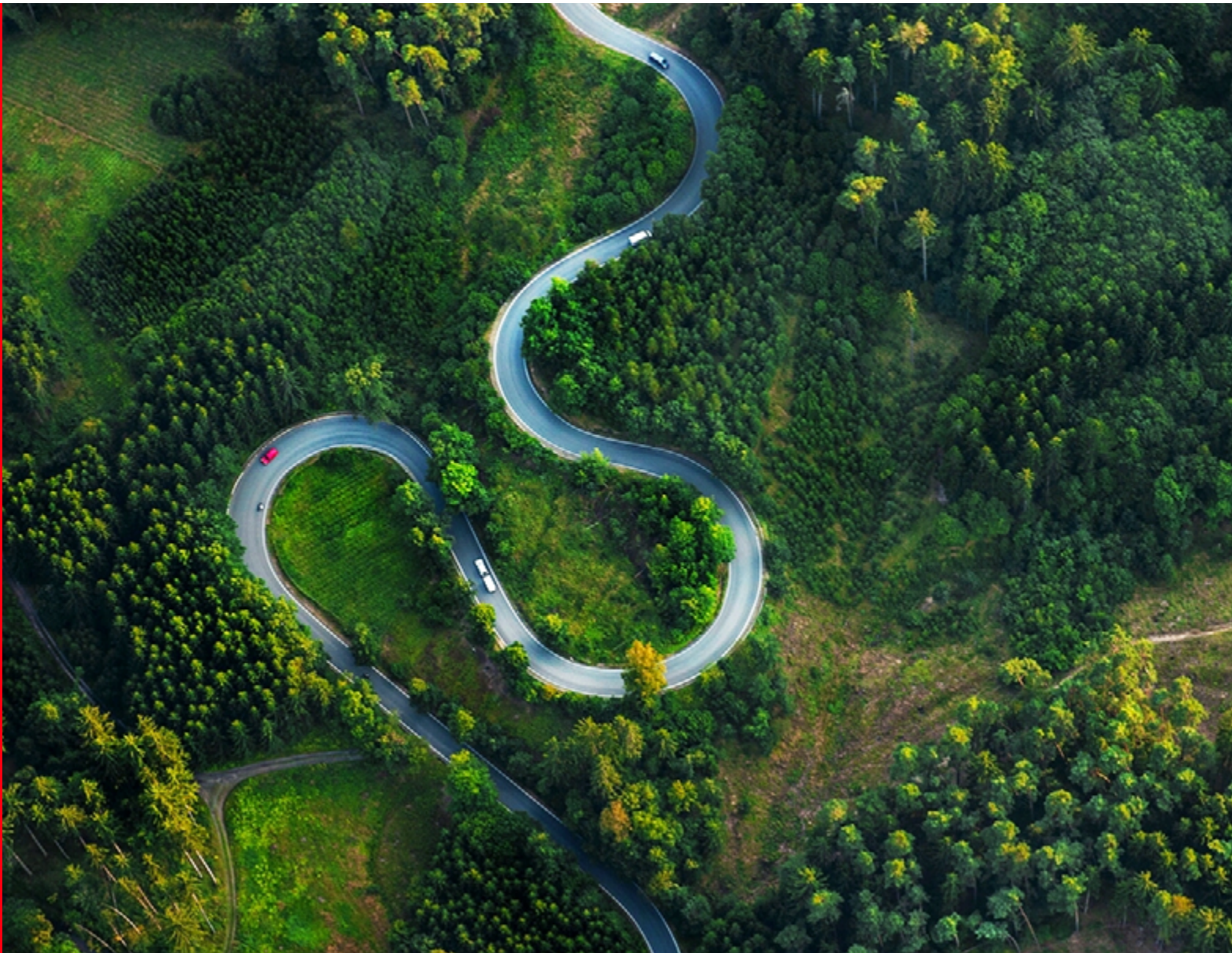




Reinsurance Market Dynamics

Capital Shows Greater Flexibility
with Customized Solutions

Midyear 2026 Renewal



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About this Report

Aon's Reinsurance Market Dynamics report provides a comprehensive assessment of key market trends in the context of the mid-year renewals period. Commentary on global reinsurer capital, third-party capital and the macroeconomic environment offer insights on the potential direction of the global (re)insurance industry and future renewals. This report is heavily focused on the United States including Florida, Latin America and the Caribbean, and Australia and New Zealand, as these regions renew a large portion of its business at this renewal date.

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Executive Summary: Capital Shows Greater Flexibility with Customized Solutions

4 Takeaways

- Buyers-market yields further reductions and improved terms for insurers
- Insurers reinvest savings in flexible structures and expanded products
- Data quality, analytics and AI enable more customized solutions
- Leading firms are using a broader range of capital solutions to invest in growth strategies.

Property catastrophe reinsurance renewals at June 1 and July 1 were productive for insurers, with double-digit pricing reductions and improving terms for most placements. Global reinsurance demand for mid-year renewals rose by more than 10 percent, driven by an expanded product offering from reinsurers and a greater desire to buy more coverage at the top of programs in the U.S. Elsewhere, demand was largely stable as most insurers sought to maintain net retentions.

Overall, capacity was plentiful, and more than adequate to meet additional demand in the U.S. Global reinsurer capital rose by \$5 billion to a new high of \$790 billion at March 31, 2026, mainly driven by the continued growth in third-party capital. Reinsurer appetite continued to increase and broaden, with Florida experiencing one of the most positive renewals in a decade. Insurers in Latin America and Australia/New Zealand also benefited from fewer constraints and ample capacity for placements.

Mid-year renewals also saw a further shift towards more customized and creative reinsurance solutions. Investments in data quality, analytics and AI, are unlocking capacity and helping to drive improved terms and conditions. Meanwhile, reinsurers were more open to flexible structures and expanded products, including aggregate covers and products offering earnings protection. Aon also advanced its product innovation, including high-efficiency frequency catastrophe covers.

Impact of Middle East conflict

The conflict in the Middle East had no direct effect on mid-year reinsurance renewals. Marine, war, terrorism and political violence coverages are directly impacted by the recent conflict in the Middle East. With notifications in the market for damage to vessels, energy assets, and property in the region from missile/drone attacks and falling debris, any changes to reinsurance terms and conditions are more likely to be felt at the January renewals when the impact is better understood and the majority of subject treaties renew.

While the recent peace agreement between the U.S. and Iran has reduced the immediate risk of large-scale escalation, geopolitical tensions remain a key watchpoint for specialty markets, with possible capacity tightening, repricing and adjustments to terms and conditions going forward, especially for war, terrorism and political violence. For the wider industry, the peace treaty may not provide immediate relief and will still have an impact and drive higher claims costs as elevated energy prices feed through to inflation, shortages and supply chain disruption.

Resilient market

Reinsurers' underwriting results have remained strong, with reinsurers reporting an average Q1 return on equity of 14.1 percent, well above the average cost of equity. With a strong El Niño weather pattern expected to suppress Atlantic hurricane activity in 2026, most reinsurers are well-placed to comfortably exceed their cost of capital in 2026.

Mid-year renewal outcomes have demonstrated the continued endurance of reinsurer risk appetites. Absent extreme loss events in the remainder of the year, we expect reinsurers to show greater flexibility around structures, coverage and retentions going into 2027, which will allow the market to enhance its relevance in what is still a challenging risk environment.

Strategic use of capital

Cycle management is rapidly becoming the key strategic focus as insurers face a tradeoff between pricing and growth. Leading firms are exploring all forms of capital to protect earnings volatility, lower their cost of capital and support growth strategies. As a result, we are seeing growing interest in facultative reinsurance solutions, especially fac facilities, as well as proportional reinsurance, multi-year deals and legacy transactions.

A stable, well-capitalized and competitive reinsurance market is a positive for insurers. At a time of geopolitical and economic volatility, evolving exposures and shifting insurance market cycles, insurers can access an increasingly wide range of reinsurance products and diverse sources of capital. While better quality data and analytics are opening a pathway to more efficient, customized solutions.

Going forward, the ability to match the right capital to the right risk with the right structure will increasingly become a competitive advantage. Put simply, those who consistently deliver stable results while deploying efficient capital into attractive growth opportunities will create the most value as we move through the insurance market cycle.

Read more on Aon's evidence-based decision framework and the **seven traits of a successful insurer** to make better decisions and outperform in complex, cyclical markets.



George Attard

Chief Strategy Officer & Global Head of Analytics, Reinsurance Solutions
Aon



Steve Hofmann

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International CEO, Reinsurance Solutions
Aon

Global Reinsurer Capital: Continued Growth in the First Quarter, Despite Capital Market Volatility

4 Takeaways

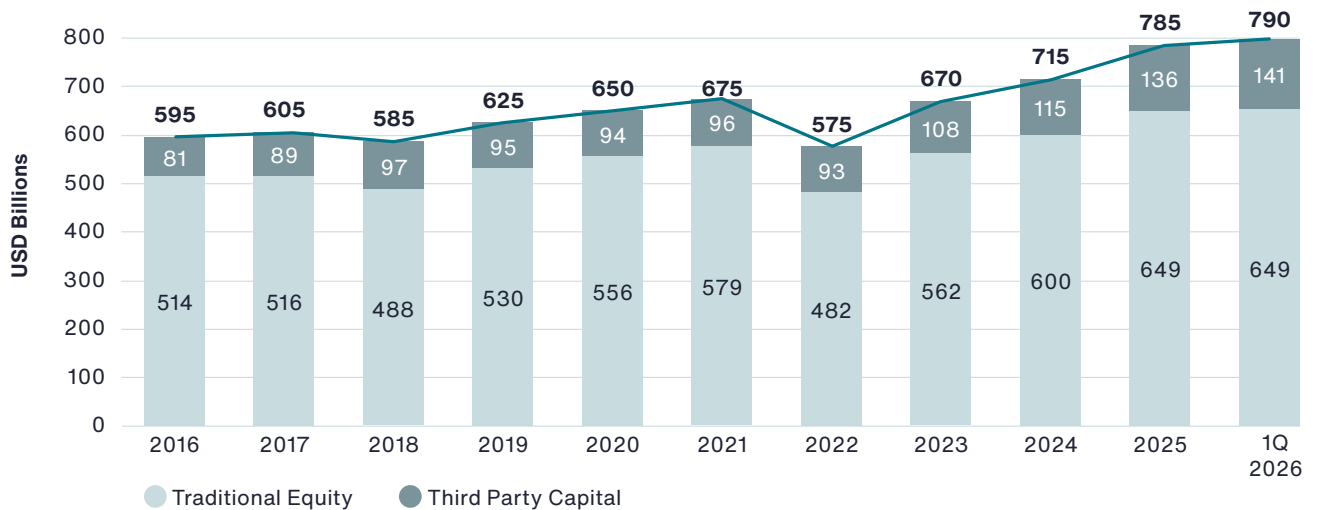
- Global reinsurer capital rose by \$5 billion to a new high of \$790 billion at March 31, 2026.
- Operating results remained strong, but unrealized investment losses were a headwind to equity growth.
- Cat bond issuance in 2026 matches the record pace set in 2025.
- Aon expects continued growth in the overall influence of third-party capital.

Aon estimates that global reinsurer capital reached a new high of \$790 billion at March 31, 2026, an increase of \$5 billion relative to the end of 2025. Traditional equity was broadly stable, while new inflows of third-party capital continued, largely supporting catastrophe bonds and sidecars.

Aon estimates that traditional equity reported by global reinsurers was flat at \$649 billion in the first quarter of 2026. Operating results remained strong, but unrealized losses on bonds and equities impacted total investment returns and reported capital positions.

Third-party capital is estimated to have grown by \$5 billion to a new high of \$141 billion at March 31, 2026, as strong non-correlating returns continue to attract new commitments and reinvested profits. Increased investor appetite is lowering retrocession costs and allowing traditional reinsurers to expand their utilization of catastrophe bonds and sidecars.

Exhibit 1: Global Reinsurer Capital



Sources: Company financial statements/Aon's Reinsurance Solutions/Aon Securities Inc.

Traditional Capital: First quarter results and outlook

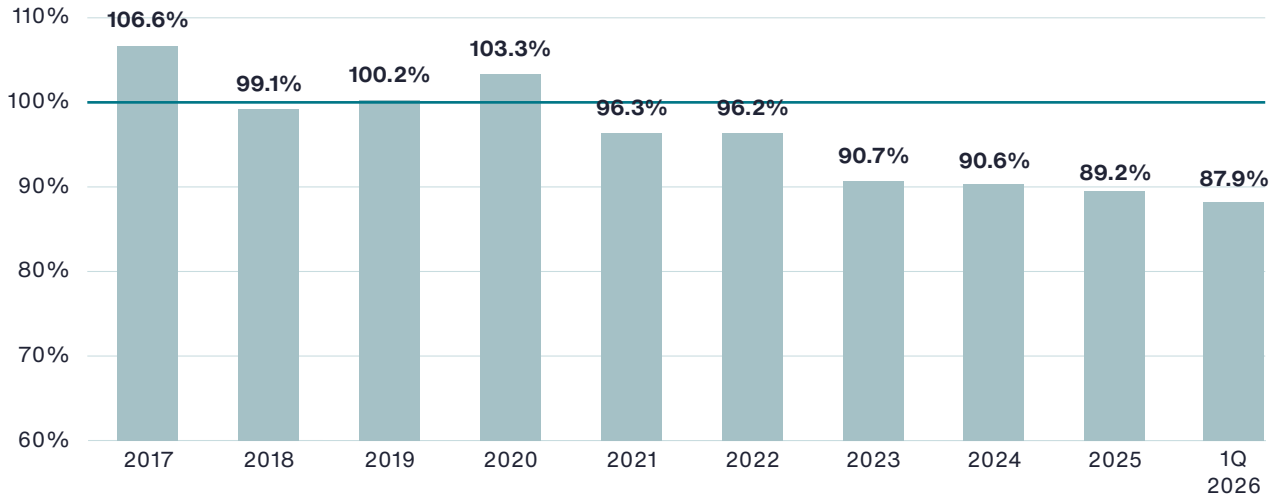
The first quarter of 2026 was notable for the reduction in reinsurance pricing observed at the January renewals, capital market volatility following the start of the Iran conflict on February 28 and relatively benign major loss activity.

Most carriers reported reductions in top-line P&C reinsurance volumes, partly due to modest weakening of the U.S. dollar and the absence of reinstatement premiums seen in the first quarter of 2025 (driven by the California wildfires).

Underwriting results remained strong. The average reinsurance-specific combined ratio across 18 companies surveyed was 87.9 percent, down from 99.5 percent in the first quarter of 2025. Actual claims notifications arising from the March events in the Middle East were minimal. Some reinsurers chose to establish modest incurred but not reported (IBNR) reserves, with increases anticipated in the second quarter.

The secondary impacts of the Middle East conflict on investment performance were more significant. While ordinary yields remained broadly stable at just under 4 percent on average, total returns were hit by significant unrealized losses on bonds and equities, as investors weighed the effects of higher energy costs on the global economy. For some reinsurers, this reduced overall yields to virtually zero.

Exhibit 2: Reinsurance Sector Combined Ratio

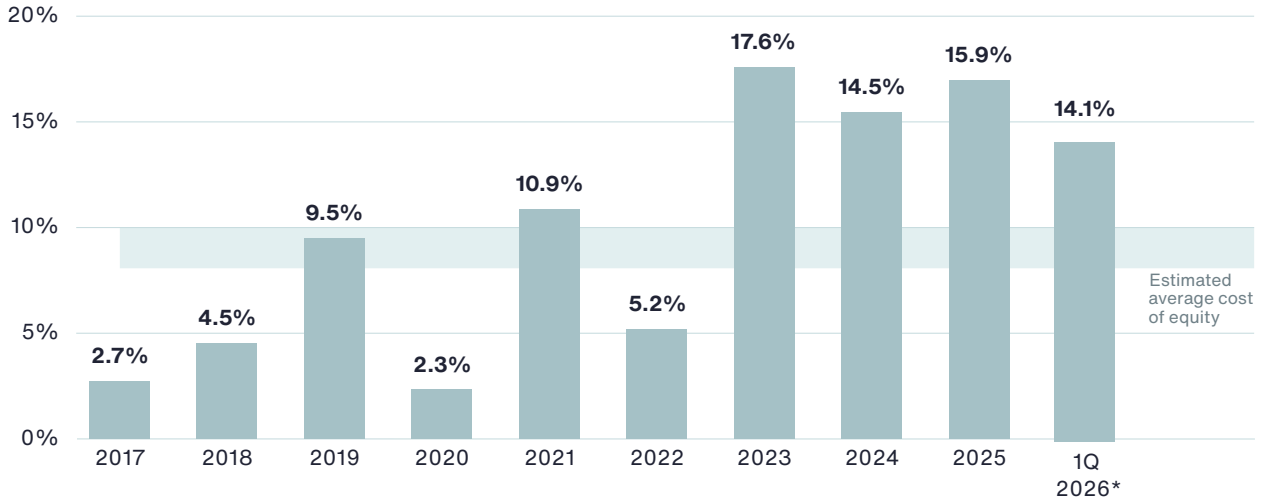


Sources: Company financial statements/Aon's Reinsurance Solutions

On an annualized basis, the average return on equity across 22 companies active in P&C reinsurance was 14.1 percent in the first quarter of 2026, up from 11.4 percent a year earlier. This remains well ahead of the average cost of equity, which is estimated to move in a range of 8-10 percent over time.

Record levels of capital and easing retrocession market conditions have driven increased competition at the 2026 renewals. Improvements for buyers have mainly been confined to price reductions from high levels, with underlying structures coming under growing pressure, but remaining largely intact. Aon believes these dynamics leave most reinsurers well-placed to comfortably exceed their cost of capital in 2026, assuming ceded loss activity and capital market volatility remain within expected ranges.

Exhibit 4: Reinsurance Sector Return on Equity



Notes: *Annualized

Sources: Company financial statements/Aon's Reinsurance Solutions



Conflict in the Middle East has prompted a shift in the outlook for global interest rates, which was a headwind to equity growth in the first quarter of 2026. However, mid-year renewal outcomes have demonstrated the continued strength of reinsurer risk appetites and we expect to see a more flexible marketplace at January 1, assuming ceded losses and capital market volatility stay within expected ranges.



Mike Van Slooten
 Head of Market Analysis,
 Reinsurance
 Aon

Third-party capital: ILS market expansion yields a favorable buyers' market

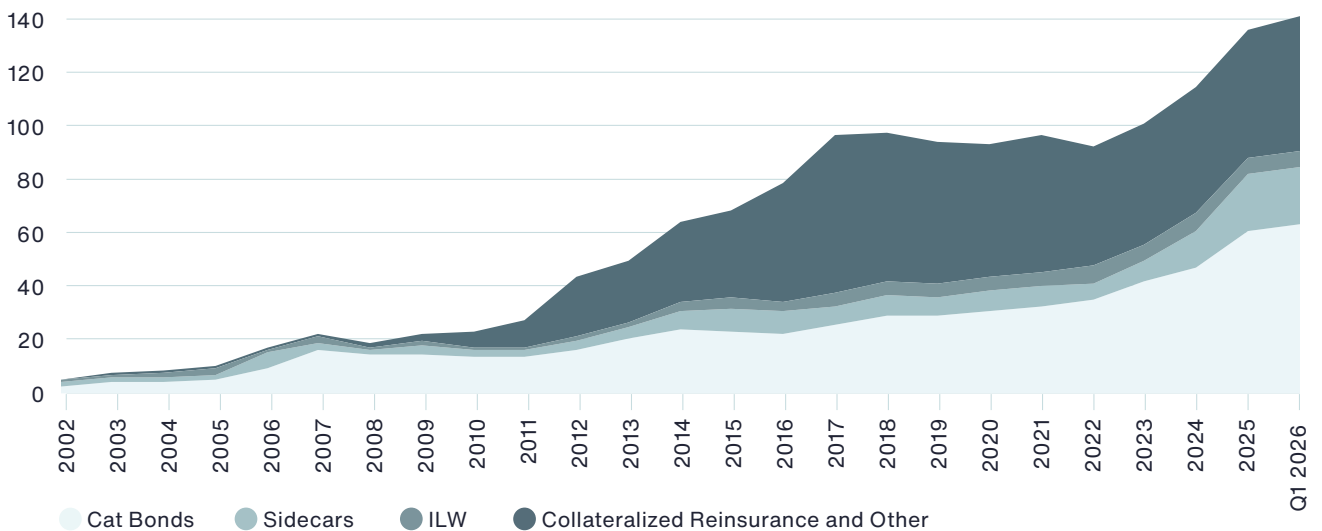
4 Takeaways

- Third party capital reaches ~\$141 billion in limit as of March 31, 2026.
- Pricing remains attractive for catastrophe bonds, supporting strong issuance volume and record outstanding capacity.
- Sidecars expand beyond traditional property structures with an increase in asset driven sidecars supporting casualty or whole-account cessions.
- Heavy maturities in the first half of 2026 combined with healthy coupons recycle significant capital into the catastrophe bond market.

Third party capital has grown to approximately \$141 billion in limit as of March 31, 2026, encompassing the catastrophe bond, sidecar, ILW and collateralized reinsurance markets. Market expansion in Q1 2026 has been predominantly driven by notable 144A catastrophe bond issuances, while sidecar capacity held steady.

Sidecars remain a major theme in 2026, with overall capital deployment broadly stable and considerable investor interest in asset-driven sidecar vehicles for casualty and whole-account portfolios. Investors are increasingly looking to assume assets within these vehicles, taking a combination of asset risk and underwriting risk, while clients view them to secure more favorable commission terms and support further growth. Demand is strongest for asset-driven sidecars focused on casualty and whole-account portfolios, aided by elevated rates in these lines and the ability to allocate to higher-yielding assets. Aon anticipates substantial activity for these products during the remainder of 2026.

Exhibit 4: Third Party Capital Deployment (Limit in \$ billions)



Source: Aon Securities LLC

Within this broader ILS universe, catastrophe bonds remain the cornerstone instrument as the market finishes Q2 2026 in a position of notable strength: outstanding capacity has surpassed \$65 billion¹, issuances have continued at a robust pace following a record 2025 and pricing has remained competitive but stable throughout Q2 2026. During the first six months of 2026 new issuances have outpaced maturities with \$17.1 billion¹ issued against \$10.4 billion of maturities.

According to secondary spreads, catastrophe bond pricing has returned to around 2021 levels, with spreads relatively stable through Q1 2026 before tightening by roughly 3 percent over the past 11 weeks as investors now have more capital to deploy than expected heading into the peak of the wind season. The average deal size for the first half of 2026 is \$285.0 million¹, which is up 12 percent from the average deal size in 2024 and a modest increase from 2025 at 3 percent. Nine cedents have placed transactions with a total issuance size of over \$500 million during the first half of the year.

These large deals reflect many buyers utilizing catastrophe bonds for strategic purposes and placing a larger portion of their reinsurance needs into the ILS market. For insurance and reinsurance buyers, the current environment represents a compelling window to access multi-year, fixed-cost protection at attractive terms, with investor demand remaining deep and diversified. For investors, stable spreads, robust deal flow and returning capital from maturities continue to support attractive risk-adjusted returns and portfolio diversification, especially against a backdrop of historically low credit spreads and broader macroeconomic instability. Aon's catastrophe bond index has returned 3.42 percent year-to-date as of June 12, 2026, up from 2.84 percent over the same period in 2025. This reflects continued attractive spreads in the catastrophe bond market, alongside elevated collateral returns and no principal impairments during year-to-date. Seasonality is also a factor, as returns typically accelerate through the wind season, assuming no major loss events.

Exhibit 5: Secondary Spread Index (% change from current levels)²



Source: Aon Securities, LLC



¹ As of June 23, 2026 and projected at June 30, 2026
² As of June 19, 2026

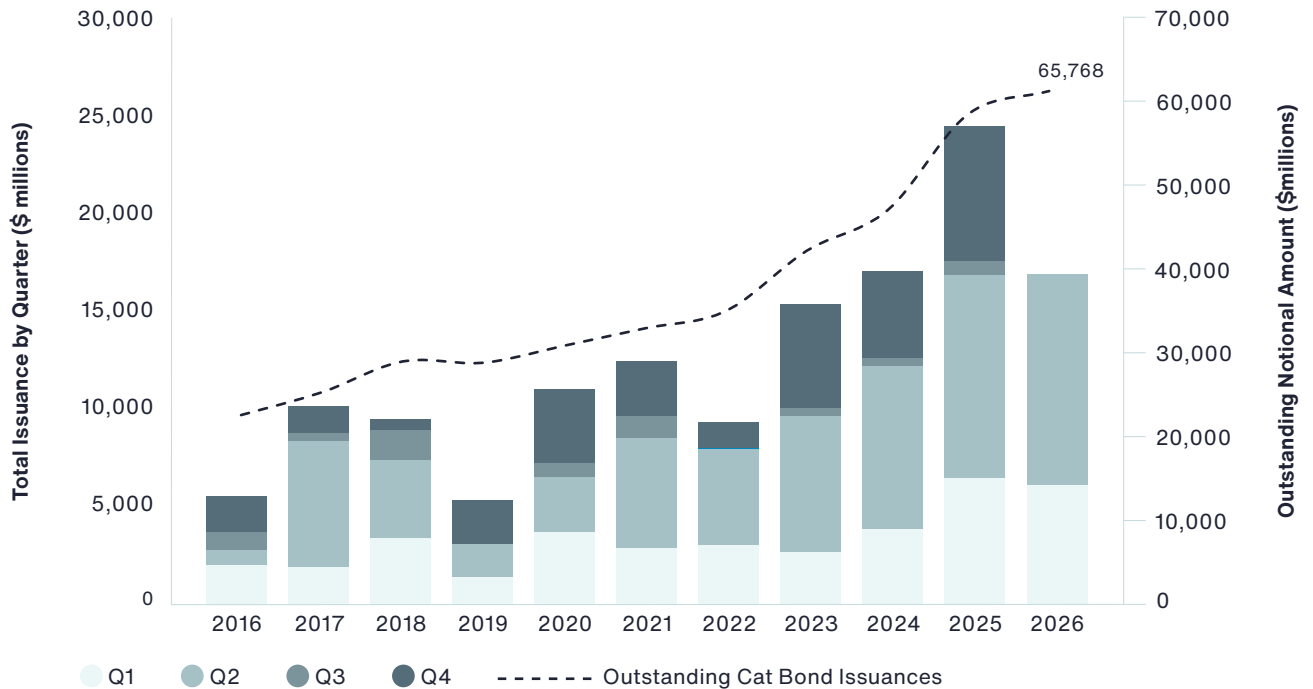
2026 is on track to have another strong issuance year with \$6.1 billion issued in Q1 and a record breaking Q2 with \$11.0 billion³ issued. Total year-to-date issuances stand at approximately \$17.1 billion³, keeping pace with the prior year at the same point in the calendar. Aon anticipates year end 2026 will exceed \$20 billion of issuances for the second year in a row.

A particularly constructive feature of the market is the maturity schedule, which has been at historically high levels in the first half of 2026. Approximately \$10.4 billion in catastrophe bonds matured in H1 2026, an 8.5 percent increase over H1 2025 maturity volumes. June 2026 alone represented a record \$4.3 billion in maturities for a single calendar month, returning substantial capital to investors just ahead of North Atlantic hurricane season. Coupled with this, the market has seen reasonably limited redemptions as the value available within the catastrophe bond

market continues to appeal to the investor community. When coupons are also considered, the amount of capital available to be recycled into new issuances is significant. Among cedents who have maturities in 2026 and issued in the first half of the year, over 60 percent increased capacity relative to what was expiring.

This year, catastrophe bond peril scope has further broadened beyond traditional North American wind and earthquake, reflecting greater investor comfort with non-peak perils and more cedents using capital markets alongside reinsurance. Recent transactions expanded coverage to perils such as wildfire, terrorism, parametric earthquake and rainfall in emerging markets. North American hurricane risk still dominates by expected loss, but diversification is structural and likely to accelerate as modeling and investor familiarity improve.

Exhibit 6: P&C Catastrophe Bond Issuances by Quarter (Limit in \$ millions)



Source: Aon Securities LLC



³ As of June 23, 2026 and projected at June 30, 2026

Third-party capital is now firmly embedded as a core pillar of the (re)insurance risk transfer ecosystem. With the ILS market approaching \$141 billion in limit, record outstanding catastrophe bond issuances, spreads back near 2021 levels, a heavy wave of maturities recycling capital and strong returns for investors, the current environment is distinctly a well-balanced market. At the same time, rapid growth in casualty sidecars and a broader suite of perils and structures show how capital markets solutions are becoming more flexible and better aligned with cedents' evolving risk and capital needs.



Looking ahead to the remainder of 2026, we anticipate that the catastrophe bond market and broader third-party capital activity will remain robust, supported by strong investor appetite for both catastrophe bonds and asset driven sidecars. As the market approaches the North Atlantic hurricane season, we expect a sense of optimism for investors as they pursue a double-digit catastrophe bond return for the fourth year in a row.



Richard Pennay

CEO of Insurance-Linked Securities
Aon



Market Dynamics

United States and Florida: Buyers benefit from improved pricing, terms and flexibility

U.S. Treaty

- **Global demand:** Up by 10%+
- **Capacity:** Ample
- **T&Cs:** Improving
- **Cat XL Pricing:** Down 15% to 25%⁴ (risk-adjusted)
- **Pro-Rata Commissions:** Up 1% to 3%⁴

U.S. Facultative

- **Demand:** Stable to increasing
- **Capacity:** Abundant for property and constrained for casualty
- **T&Cs:** Improving
- **Property pricing:** Down 20% to 40%
- **Casualty pricing:** Flat to Up 15%

4 Takeaways

- Global demand increased by 10%+, with Florida insurers in the best shape in over a decade purchasing up \$5B to \$7B.
- Buyers hold retention levels but look to buy additional catastrophe limit.
- Renewal sees more customized solutions and product development.
- Fac facilities are in high demand and casualty offers opportunities for reinsurers.

⁴ Rate changes are risk-adjusted, based on exposure neutral pricing and measured from the expiring 2025 terms. Rate and commission changes are meant to be an aggregated view of change for the region and individual placements could be outside this range due to a variety of company specific factors, most notably ceded loss activity.



U.S. Property Dynamics

Topic	Commentary
<p>Demand</p>	<p>Global property catastrophe demand increased by more than 10 percent, driven by increased catastrophe limit, expanded product purchasing and a significant uplift in demand from Florida-based insurers. Many insurers increased their use of reinsurance to support broader growth ambitions and transfer more risk at the top of programs. Net retentions, which increased during the 2023 market reset, were broadly stable at mid-year, with most insurers comfortable with current levels but exploring flexible structures to address frequency risk and earnings protection. Aon also advanced its product innovation, including high-efficiency frequency catastrophe covers and other targeted solutions to support growth ambitions.</p>
<p>Capacity</p>	<p>Supply of both traditional reinsurance and third-party capital remained ample at the mid-year renewals and was more than adequate to meet higher demand for reinsurance protection. Increased appetite from traditional reinsurers and strong support from ILS investors helped drive significant pricing competition at mid-year, with reductions available for almost all placements, including some loss-impacted insurers. We saw growth and support for managing general agents (MGAs), especially for newer MGAs and not just those with a track record.</p>
<p>T&Cs</p>	<p>Reinsurers had broad appetite and were open to more flexible structures and expanded coverages. Many clients took advantage of market conditions and used premium savings to purchase expanded catastrophe protection, including more limit at the top of programs as well as frequency and aggregate coverages. Reinsurers were also able to meet strong demand for wildfire coverage at mid-year renewals following the Palisades and Eaton Fires, the costliest wildfires on record globally, in California in 2025. Wildfire is increasingly targeted as a growing part of a reinsurer’s portfolio due to an ever-increasing understanding of the peril.</p>
<p>Proportional</p>	<p>Building on the trends of 1/1 and 4/1 renewals, interest in proportional reinsurance continued to build at the mid-year and a wider range of insurers are expected to explore proportional solutions over the next 12 months.</p>
<p>Customized solutions</p>	<p>Favorable conditions, better data and advanced analytics – including the use of AI - enabled Aon to secure more tailored and efficient reinsurance solutions. Insurers that provided the highest quality information were rewarded with customized transactions and improved terms. At the same time, clients are looking beyond rate alone and expecting more creative, bespoke products from reinsurers as they pursue growth and manage higher net retentions. Interest in expanded products was strong, and reinsurers were more willing to support flexible structures, including solutions that increase the efficiency of low attaching catastrophe occurrence covers.</p>

Topic	Commentary
<p>Natural catastrophes</p>	<p>U.S. insured losses through the first six months of 2026 are among the lowest since 2020. While several SCS events have exceeded \$1 billion, overall U.S. SCS-related insured losses are trending lower compared to recent, record-setting years. Other notable events include Winter Storm Fern in January, which is among the costliest winter storms in U.S. history at \$3.7 billion in insured losses.</p>
<p>El Niño impact on HU season</p>	<p>As the 2026 North Atlantic hurricane season begins, a strong El Niño is forecast to develop and persist throughout the remainder of the year. El Niño, characterized by unusually warm ocean temperatures in the tropical East Pacific, tends to suppress Atlantic hurricane activity, while La Niña tends to support a more active season – particularly Gulf Coast exposure. Historically, La Niña years have produced more landfalling storms, higher overall storm energy and higher insured losses than El Niño years. For clients, the practical takeaway is that seasonal outlooks help frame the risk environment heading into the second half of the year, but they are not a prediction of where storms will strike or how losses will develop at the account level. Even in a quieter season, a single landfalling event can still drive meaningful insured loss.</p> <p>Read more in our latest research.</p>



As we move into 1/1 renewals, we see U.S. property buyers shifting from simply taking advantage of softer pricing to using the market to re-engineer their protection. Those who pair stronger data and emerging AI-driven analytics with a willingness to embrace proportional and more bespoke structures will be best positioned to secure differentiated capacity, support new growth, and build programs that are more resilient to earnings volatility over the long term.



Sarah Mumm
 U.S. Property Leader, Reinsurance
 Aon

Advice for Clients

Insurers should now treat third-party capital as a core part of their reinsurance strategy, focusing on capital architecture rather than standalone products. Those who prioritize flexible, well-governed structures and work with partners that can match the right investors and instruments to their portfolios will be best positioned to support growth and protect earnings volatility.

Florida Property Dynamics

Topic	Commentary
<p>Strong Fundamentals</p>	<p>Florida’s insurers entered mid-year renewals in a strong position with improved balance sheets and financial leverage. Underwriting performance has markedly improved following recent legal reforms to address litigation and underwriting actions taken by insurers. A cohort of Florida-based insurers tracked by Aon generated underwriting profits of approximately \$1.85 billion at year-end 2025, up 248% percent on the previous year, leading many to maintain strong retention levels. The absence of U.S. hurricane landfalls in 2025, and a forecast for a below-average season for 2026, contributed to an improved loss outlook for the Florida market, helping to attract further capital and support favorable renewal outcomes for most insurers.</p>
<p>Demand</p>	<p>Florida insurers purchased an additional \$5-\$7 billion of reinsurance coverage at mid-year renewals, driven by further depopulation of Florida’s state-backed Citizens Property Insurance Corporation: At year-end 2025, Citizens’ policy count had declined by 76 percent since its peak in October 2023. Increased demand in Florida also reflected underlying portfolio growth and the launch of new insurers (20 insurers have entered the Florida market since legislative reforms in 2022), as well as catastrophe model changes and some additional purchasing of catastrophe limit.</p>
<p>Capacity</p>	<p>Reinsurance supply for Florida catastrophe exposed risks was more than adequate to meet increased demand at mid-year as reinsurers recognized the underlying strength of the Florida market and current rating levels. Increased reinsurer appetite and new players in the catastrophe bond market have helped drive greater reinsurer participation and price reductions, especially for established insurers. Terms and conditions improved with reinsurers more willing to offer flexible reinsurance structures and aggregate solutions.</p>



Today, the balance sheets of Florida’s insurers are the healthiest in over a decade. But looking ahead, distribution and talent will be paramount. New insurers will need to meet investor expectations amid the challenges of a limited talent pool and a significantly depopulated Citizens.



Chris Dittman
 Florida Strategy Leader,
 Reinsurance
 Aon

U.S. Facultative Dynamics

Topic	Commentary
<p>Demand</p>	<p>Facultative solutions remained in demand at mid-year as insurers continued to use the product to support growth, address treaty gaps, reduce retentions and access additional capacity. Demand is particularly strong for facultative facilities, including hybrid treaty/facultative solutions, which provide fast and efficient access to tailored reinsurance capacity. Growing demand for cedent facilities reflects a shift towards more structured, repeatable facultative solutions that compliment treaty.</p>
<p>Capacity</p>	<p>Overall, capacity is abundant for property facultative reinsurance and has continued to grow with both new players and an increased appetite from existing players. Reinsurers are also showing strong appetite and support for facultative facilities, including bespoke solutions that dovetail with treaty. In contrast, capacity for financial lines and casualty was more constrained, reflecting reinsurers lower risk appetite for U.S. exposures. As a result, conditions were stable overall for casualty.</p>



There are profitable growth opportunities for facultative reinsurers in casualty where demand is strong and the rating environment remains attractive. Aon’s casualty fac team has expertise and data ready to support creative players interested in entering this space.



Laura Hunt
 CEO, U.S. Facultative Reinsurance
 Aon

Advice for Clients

Facultative reinsurance – both individual risk and facilities -can support insurers growth ambitions, helping to expand their risk appetite and win placements through increased capacity deployment, larger line sizes and improved terms and conditions.

Latin America and the Caribbean: Abundant capacity and data quality drive favorable renewals

LatAm Treaty

- **Demand:** Flat
- **Capacity:** Abundant
- **T&Cs:** Stable
- **Cat XL Pricing:** Down 10% to 15%^{4,5}
- **Pro-Rata Commissions:** Increasing⁴

LatAm Facultative

- **Demand:** Increasing
- **Capacity:** Abundant
- **T&Cs:** Improving
- **Property Pricing:** Down 15% to 20%
- **Casualty Pricing:** Down 10% to 20%



As Latin America insurers become more sophisticated in the way they manage and transfer their risks, they need partners in the insurance industry that can respond with insights and support across the wide range of products and sources of capital. Aon is uniquely positioned in this regard. We are agnostic when it comes to product, and our teams collaborate closely across treaty, facultative, capital advisory and investment banking.



Paula Ferreira
CEO of Latin America, Reinsurance
Aon

4 Takeaways

- Double-digit reductions, but with regional and line of business differences.
- Closing the protection gap offers diversified, growth opportunities for reinsurers.
- Improved data quality enables market to offer better terms and capacity.
- Fac market is a growth opportunity, with rising demand (especially for facilities, cyber and natural resources) and competitive conditions.



For Caribbean insurers, reinsurance is vital for mitigating catastrophe risk. Making robust, long-term relationships with global reinsurers is crucial to ensure steady capacity, access bespoke risk-transfer solutions and maintain capital stability. By collaborating across our treaty, facultative, parametric and investment banking teams, we are at the forefront to meet our clients' needs – whether through capital and surplus relief, operational efficiencies or reinsurance program optimization.



Steve Bonifacio
CEO of Caribbean, Reinsurance
Aon

Advice for Clients

Continue to invest in data quality, analytics and AI to support decision making and manage exposures, including secondary perils. While capacity is abundant today, when the cycle turns insurers will be better prepared and able to make informed decisions on retentions and reinsurance structures.

⁵ Some accounts saw larger decreases, especially 2-year renewals.

Property Dynamics

Topic	Commentary
Demand	Treaty reinsurance demand was broadly stable across Latin America at mid-year renewals, with increased purchasing in line with inflation. Peru was the main exception, where regulatory driven modelling led to a notable increase in catastrophe reinsurance purchasing. Insurers in Latin America entered renewal negotiations in a strong position with healthy balance sheets and relatively muted catastrophe activity for much of the region in 2025. With primary pricing under growing pressure, net retentions were stable in the region, although some insurers adjusted retention levels to manage their costs.
Capacity	Across the region, capacity was abundant with no notable constraints for property catastrophe placements and wide-spread over placement. Global reinsurers continue to be attracted to Latin America, which offers an important source of diversified growth due to relatively low insurance penetration rates and a resilient macroeconomic environment. Along with new players in the region, existing reinsurers have deployed additional capacity, with increased appetite for markets previously seen as more challenging, such as Argentina and Chile. In Brazil, reinsurers showed increased appetite despite new (re)insurance legislation introduced last year.
T&Cs	Most renewals experienced improved terms and pricing. However, conditions varied by country with some of the biggest reductions in Chile (15 percent, higher in specific cases particularly deals which renew every two years), and more moderate reductions (around 10 percent) in Colombia and Mexico. Terms and conditions were generally improved at mid-year renewals with reinsurers more open to conversations on coverage and wordings. Aon made further progress on unwinding restrictions introduced during the 2023 market reset. In Brazil, for example, favorable conditions enabled better alignment in terms and conditions across reinsurance panels.
Data Quality	The benefits of continued investment in data quality and analytics were evident in mid-year renewal outcomes. Insurers in Latin America are increasingly sophisticated in their underwriting, pricing and risk management, which has resulted in more predictable portfolio performance. Better data and reduced volatility have enabled reinsurers to offer improved terms and pricing for insurers in Latin America. For example, Investment in modeling (including by Aon) in the region has provided reinsurers with the confidence to deploy capacity for secondary perils, including flood.
Caribbean	Caribbean mid-year renewals were characterized by increased demand for proportional capacity, enabling cedants to pursue moderate growth and support higher insurance-to-value levels for insureds. Primary rate adequacy remained a key focus, although insurers faced growing downward pressure across the region. As the market continues through a softening cycle, terms and conditions for cedants are improving, with greater flexibility on commissions and catastrophe excess pricing trending down by around 10 percent. Ongoing enhancements in cedant data quality, combined with more sophisticated technical analysis from modeling and analytics, are also supporting more favorable pricing and an improved view of exposure and catastrophe risk among reinsurers.

Facultative Dynamics

Topic	Commentary
Demand	Latin America has seen increased demand for facultative reinsurance solutions as insurers find additional value in this evolving product. In particular, there has been substantial growth in the use of facultative facilities, which combine the benefits of customized targeted solutions from facultative reinsurance with the efficiency and scalability of treaty. Growth in facultative reinsurance is especially strong for specialty lines like cyber and natural resources, fast growing areas that traditionally rely on reinsurance support.
Capacity	Facultative reinsurance capacity is abundant in Latin America as reinsurers and global insurers step-up support for growing industries like natural resources and wider economic development in the region. As political and economic conditions evolve and fresh capital enters the region, Insurers are looking for facultative solutions to support increased demand in upstream, midstream, mining, power, renewables and related infrastructure. Reinsurers have also shown an increased willingness to support facultative facilities, packaging cover for specific insurers, lines of business and occupancies.
T&Cs	Competitive conditions in the facultative market continued to drive double -digit price reductions and improved terms for insurers in much of Latin America. Natural resources achieved some of the largest reductions with rates down by around 20 percent, reflecting recent profitability and an abundance of capacity. Increased use of data and analytics has enabled the development of more innovative facultative solutions, allowing for more customized and efficient transactions alongside traditional treaty.
Caribbean	In the Caribbean, territories that saw the steepest hard-market rate hikes are now experiencing some of the sharpest corrections. Large and complex risks still depend heavily on facultative support, where pricing pressure is most intense and some reinsurers are stepping back when large year-on-year cuts are required. However, ample capacity keeps conditions favorable for buyers, with frequent double-digit reductions and meaningful improvements in terms and conditions.



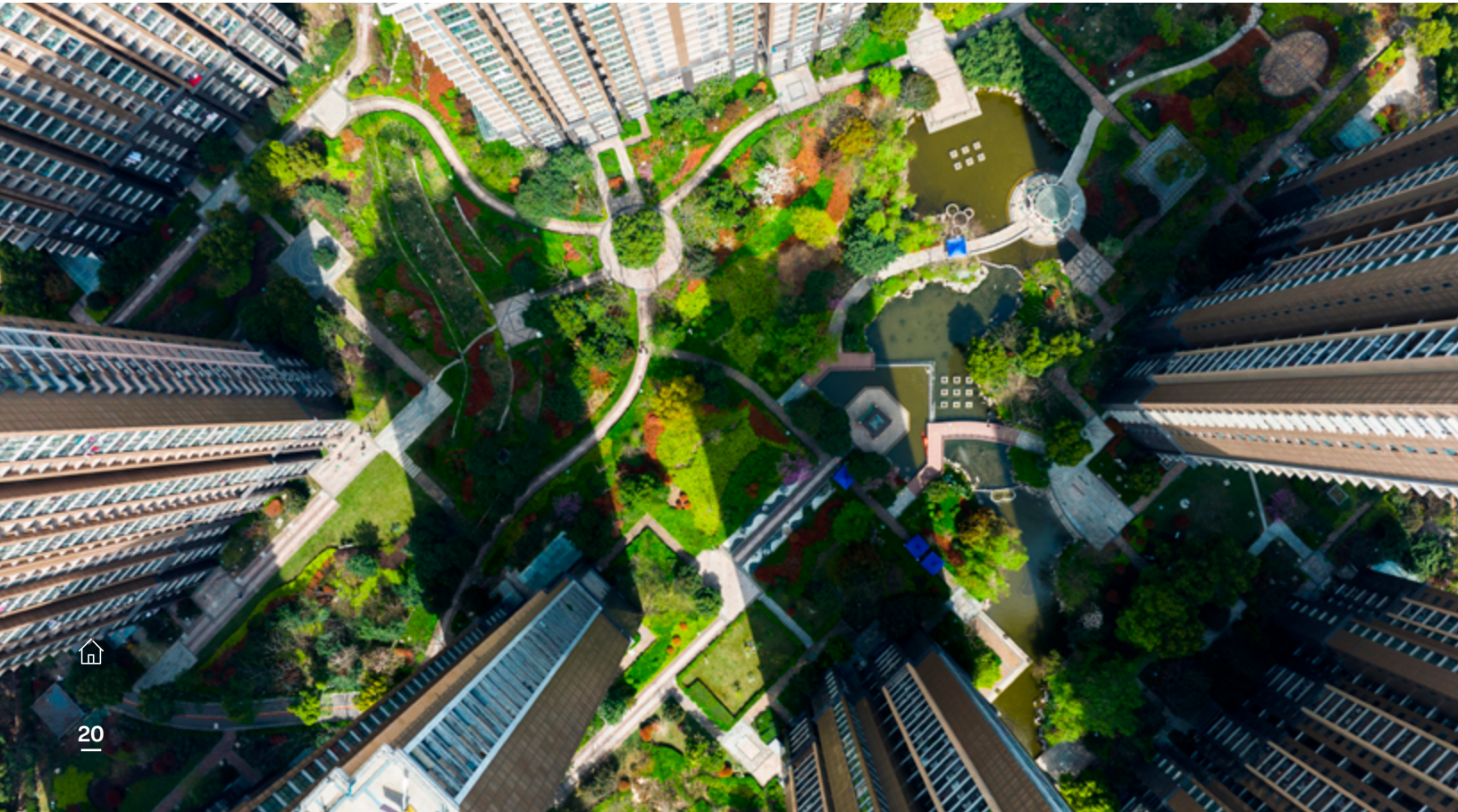
At Aon, we've made Latin America and the Caribbean a priority, investing in platforms, teams and relationships that support clients seamlessly across geographies and lines. Our London cross-class capabilities and new Madrid LatAm hub connect clients to broader, more efficient market capacity, backed by the full depth of Aon's technical expertise and specialty reach.



Luke Reeve-Tucker
Head of Latin America & Caribbean
Facultative, Reinsurance
Aon

Advice for Clients

Insurers should use the facultative market to secure not just cheaper reinsurance but better solutions: prioritize partners who offer speed, certainty, technical advice and differentiated capacity, and who can integrate facultative and treaty thinking to structure risk holistically. Leverage data, technology and specialist expertise to ensure facultative programs clearly complement retained risk and treaty, and focus on long-term relationships that will remain supportive through future market cycles.



Australia and New Zealand: Consolidation helps drive further reductions

Property

- **Demand:** Flat
- **Capacity:** Ample
- **T&Cs:** Stable
- **Cat XL Pricing:** Down by 15% to 20%⁴
- **Pro-Rata Commissions:** Up 2% to 3%⁴

Casualty

- **Demand:** Flat
- **Capacity:** Adequate
- **T&Cs:** Stable
- **Pricing:** Down by 5% to 10%

4 Takeaways

- Insurer consolidation helps fuel pricing competition.
- Reinsurers look to deploy capacity holistically.
- Earnings covers and multi-year deals are available.
- Market on watch for developing El Niño conditions and inflation.



Inflation was not a factor at the mid-year renewals, but it is a concern in the back of peoples' minds. If the conflict in the Middle East persists or escalates, then inflation could again become a bigger concern towards the end of the year.



Paul Grasso
Head of Treaty for Australia and New Zealand, Reinsurance
Aon



The Australian and New Zealand insurance market has seen notable consolidation in recent years, a trend that is likely to continue. Further M&A activity is likely to drive further competition among reinsurers to deploy capacity.



John Carroll
CEO of Australia and New Zealand, Reinsurance
Aon

Advice for Clients

Focus on managing portfolios with developments in natural catastrophes, inflation and market conditions in mind. Current conditions are creating opportunities for insurers to review their program structures and explore alternative products and sources of capital to help manage retentions, address volatility and protect earnings.

Property and Casualty Dynamics

Topic	Commentary
Demand	Reinsurance demand was broadly stable at 7/1 renewals against a backdrop of insurer consolidation and downwards pressure on primary commercial rates. Insurers in Australia and New Zealand entered renewal negotiations in a strong position following several years of positive results and minimal catastrophe activity. As a result, the majority of insurers maintained retentions and attachment points. Limits purchased were also stable as insurers continued to buy relatively high levels of catastrophe protection.
Capacity	Overall, capacity remained ample at the mid-year renewals as the catastrophe exposed Australia and New Zealand market remains an attractive source of premium and diversification for global reinsurers. Most reinsurers were looking to grow at mid-year, particularly through more holistic capacity deployment across multiple line of business and placements.
T&Cs	Overall, reinsurers were more open to meeting the needs of insurers while continuing to manage their natural catastrophe exposures. Terms and conditions were stable although some insurers took the opportunity to reinvest premium savings into additional reinsurance protection, including earnings, frequency and aggregate covers. Reinsurers are increasingly offering multi-year structured deals that can give insurers added protection against changes in market conditions and retentions.
M&A	Consolidation in the Australian and New Zealand insurance market helped drive competition for property catastrophe risks at mid-year renewals as reinsurers vied to maintain and/or grow lines with existing clients. The renewal was the first since the acquisition of two state-based automobile and homeowners mutual insurers, with a third transaction pending. Further consolidation could temper demand for catastrophe reinsurance purchased and drive further reinsurer competition and pricing in the market.
Property per-risk	Conditions for property per-risk reinsurance were more favorable at mid-year renewals as buyers benefited from oversupply of capacity in the global reinsurance market. Increased capacity at a time of stable demand for per-risk resulted in pricing reductions of 10-15 percent at renewals. Terms and conditions also improved with limited catastrophe cover now returning to per-risk having been restricted in previous years.

Topic	Commentary
<p>Natural catastrophes</p>	<p>Severe storms and hail affecting Queensland and New South Wales in November 2025, which caused an estimated A\$3 billion in insured losses, were within industry expectations and had little impact on reinsurer appetite or pricing at the mid-year renewals. Loss impacted insurers continued to achieve reductions, albeit at the lower end of the range. Australia’s Cyclone Reinsurance Pool has paid out more than A\$1 billion in claims since its inception in July 2022, including the majority of claims arising from Tropical Cyclone Alfred in early 2025. Developing El Niño conditions, which could result in drier conditions for Australia over the coming months, are associated with increased bushfire risk. However, El Niño years often result in reduced overall insured losses due to reduced flood and cyclone events along Australia’s east coast.</p>
<p>Casualty</p>	<p>The casualty market in Australia and New Zealand has seen increased competition as reinsurers have sought to grow and diversify. Capacity was more than adequate to meet stable demand at mid-year renewals, resulting in reductions of 5-10 percent, depending on loss activity. Terms and conditions were stable, although Aon has been able to unwind some coverage restrictions for infectious disease outbreaks introduced during the pandemic. Reinsurers remain cautious around Compulsory Third Party (CTP) due to increasing care costs, severity of large claims and extended claim development patterns. Pockets of the casualty market have remained more challenging, including public sector liability and placements with significant U.S. exposure.</p>



Casualty: Capacity returns with increased competition and improved pricing

International

- **Demand:** Flat
- **Capacity:** Ample and increasing
- **T&Cs:** Stable
- **XL Pricing:** Flat to down 10%
- **Pro-Rata Commissions:** Flat to up 1%

U.S.

- **Demand:** Flat
- **Capacity:** Ample and increasing
- **T&C:** Stable
- **XL Pricing:** Down 5% to 10%
- **Pro-Rata Commissions:** Up 1%

4 Takeaways

- Casualty reinsurance demand remained broadly flat as insurers focused on improving their programs.
- Capacity was ample and increasing, particularly for U.S. and lower-hazard international casualty, supporting competitive conditions.
- Pricing was favorable, with XL rates flat to down and pro-rata commissions flat to slightly higher amid strong quota share appetite.
- Heading into 1/1, insurers should align reinsurance structures with improved portfolios, updated risk tolerances and selective use of alternative capital.



International casualty reinsurance conditions remain strong, with ample capacity and diverse appetites across classes and structures, giving cedents room to design programs that fit their evolving portfolios.



Alex Chittock
Head of International Casualty,
Reinsurance
Aon



U.S. casualty writers are rightly seeking credit for the improvements they have made to underwriting, pricing, segmentation and claim-handling. Reinsurers are recognizing these improvements with increased capacity.



Nick Nudo
Head of U.S. Casualty, Reinsurance
Aon

Advice for Clients

Casualty insurers had a period of intense focus on improving their underlying portfolios and looking ahead at 1/1, they should give thought to a revised reinsurance program reflecting the new risk characteristics and risk tolerances.

Casualty Dynamics

Topic	Commentary
Demand	Reinsurance demand was flat overall. Some insurers have taken the opportunity to review reinsurance arrangements following a period of portfolio remediation in recent years with a view to rationalize purchasing and ensure they are getting maximum value from reinsurance. Net retentions were mostly unchanged although some insurers have been exploring alternative structures and ILS capital to manage reinsurance costs and diversify reinsurance capital.
Capacity	<p>U.S.-only: Mid-year renewals benefited from increased capacity and capital from traditional reinsurers returning and third-party capital providers interested in U.S. casualty. Reinsurers remained disciplined in underwriting and capacity deployment, while continuing to seek slightly larger shares, and new markets looked for entry points into casualty programs.</p> <p>International: Renewals at mid-year continued the trends of 1/1 with increased appetite for casualty risk. International casualty has seen strong competition with an increase in over-signings. This is most apparent for placements with lower-hazard risks, with conditions for complex risks and those with U.S. exposures more moderate, albeit with adequate capacity. Underwriting remained disciplined, there were no new coverage issues arising at mid-year renewals.</p>
Proportional	Interest has increased in quota share reinsurance as a performance management tool where underlying rates have come under downwards pressure. Pro-rata reinsurance conditions are strong, with ceding commissions flat to +1 percent.
Legacy solutions	Legacy reinsurance solutions, such as loss portfolio transfers and adverse development covers, continue to be in high demand. Historically used to manage insurance portfolios in runoff, these covers are now purchased by many groups looking for cost effective downside protection, mitigating historic reserve risk post M&A activity or changes in leadership and frequently as capital management tools. The deals reduce the reserve charge in relevant rating agency or regulatory capital models, freeing up capital for redeployment to more profitable opportunities. Prices for these transactions benefit from the current high-interest-rate environment, making now an opportune time to utilize these effective capital relief tools before lower rates weaken LPT/ADC pricing. We currently see ample market capacity for transactions of all sizes, resulting in a competitive, dynamic marketplace.
Financial/ professional lines and transactional liability	Pricing for directors and officers is broadly flat to slightly improved for insurers backed by stabilization of the underlying market and increasing supply of reinsurance capacity. Reinsurance outcomes continue to be driven by the differentiation of underlying portfolios and the historical profitability, underwriting quality, and segmentation. Separately, the transactional liability insurance market is undergoing a period of transition, following loss emergence for coverages outside the standard warranty and indemnity product. Insurers have introduced strict protocols for MGAs specializing in transactional liability, which is likely to constrain insurance capacity and temper demand for reinsurance.



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