EMBARGOED UNTIL 9AM 2.1.2025

Howden's renewal report at 1.1.2025*: Past the Pricing Peak*

New phase of market cycle ushers in price reductions and a renewed focus on innovation

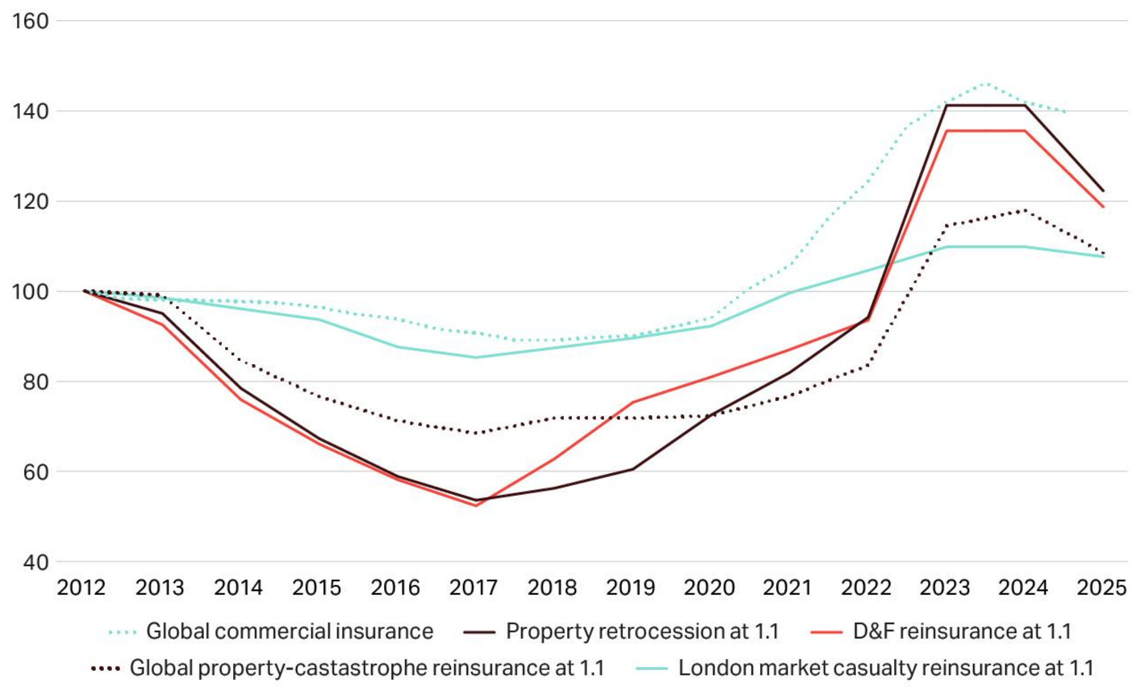
- Risk-adjusted price reductions recorded at 1 January 2025 reinsurance renewals: retrocession – down 13.5%, direct & facultative – down 12.5%, global property-catastrophe – down 8%, London market casualty excess-of-loss – down 2%
- Pressure is also evident in the global commercial insurance market, where pricing across all lines of business came in at -0.9% in 2024, the first negative reading since 2017

London, 2 January 2025 – Howden, the global insurance intermediary group, today releases its 2025 market report, '*Past the Pricing Peak'.* After an extended period of rate increases across the (re)insurance sector – driven by accumulating and intersecting crises, capital constraints and cyclical adjustments – the availability of deployable capacity in the marketplace signals a new phase in the cycle, marking a significant shift from the recent past.

Favourable supply dynamics have become increasingly evident across both the commercial insurance and reinsurance markets over the last 12 months. These dynamics played a pivotal role in the 1 January 2025 reinsurance renewals, fostering competition that led to risk-adjusted rate reductions in several areas (see Figure 1).

Market performance remains robust, supported by an attractive underwriting environment. In most lines of business, buyers can expect favourable market conditions to persist in 2025, barring any market-disrupting events.

Figure 1: Howden pricing index for primary, reinsurance and retrocession markets – 2012 to 2025 *(Source: Howden, NOVA)*



1 January 2025 reinsurance renewals

Reinsurance renewals at 1 January 2025 experienced notable softening overall, reflecting strong price adequacy and reinsurers' ambitions for growth. Demand for reinsurance was driven by volatile loss experience, rising exposures and model changes, whilst increased appetite from both traditional reinsurers and capital markets generated more than sufficient supply. A key feature of this year's renewals was differentiation by client and programme, as markets adopted a more granular approach, underscoring the importance of data transparency.

Global property-catastrophe:
Despite elevated catastrophe activity in 2024, including the uncertainty surrounding losses from the late-season Hurricanes Helene and Milton, favourable market conditions enabled insurers to navigate these challenges and secure property-catastrophe placements with rate reductions. On average, risk-adjusted global property-catastrophe reinsurance rates-on-line decreased by 8%.[1]

In the US, early expectations for rate reductions in property-catastrophe renewals ultimately held true, despite initial uncertainty caused by Hurricanes Helene and Milton, which inflicted substantial damage in Florida and, in Helene's case, inland states. Favourable conditions for buyers typically prevailed, resulting in risk-adjusted price decreases ranging from down 7.5% to down 15%.

Loss experience played a pivotal role in shaping European property-catastrophe renewals at 1 January 2025. Loss-free programmes secured rate reductions averaging between down 3% and down 15%, while loss-affected regions experienced significant upward pricing adjustments following recoveries.

Property retrocession:
The retrocession market saw another profitable and largely loss-free year in 2024, creating pressure on prices and signings at renewal. Although Hurricanes Helene and Milton made landfall in Florida as major storms in quick succession, their impact on the retrocession market was limited. Helene caused significant damage, including in North Carolina, but its Florida landfall affected a relatively sparsely populated area, resulting in minimal recoveries. Milton similarly avoided a worst-case scenario, tracking south of Tampa Bay. Consequently, risk-adjusted pricing fell by between 10% and 20% on average at 1 January 2025.[1]

Global direct & facultative:
The global D&F market delivered another strong performance in 2024, with claims from Hurricanes Helene and Milton barely impacting cedents as they remained below retention levels. Risk-adjusted pricing was typically down by 10% and 15% on average at 1 January 2025 renewals.[1] Another year of modest losses underscores the D&F market's resilience during a period of heightened catastrophe activity and historically elevated pricing.

Global casualty:
Casualty reinsurance renewals at 1 January 2025 were marked by significant differentiation. In the US, heightened scrutiny of litigation risks and loss cost trends shaped the market, with outcomes largely driven by individual portfolios' loss experience, underlying rate changes and reserve development. International renewals benefitted from abundant supply and strong underlying fundamentals, which were evident in the smooth execution of placements.

---

[1] This is a point estimate within ranges depending on loss experience, exposure, territory and other client-specific conditions.

Specialty reinsurance:
Despite elevated geopolitical risks and ongoing uncertainty surrounding war-related losses from active conflicts, several specialty lines performed strongly, achieving risk-adjusted rate reductions at the 1 January 2025 renewals. Marine and energy, cyber, aviation and war, political violence, and terrorism lines benefitted from strong results in underlying portfolios and ample capacity, shifting conditions in favour of buyers. In contrast, the trade credit and political risk market continued to face capacity constraints, with renewals seeing only modest changes to pricing and terms across both excess-of-loss and pro rata programmes.

Tim Ronda, CEO of Howden Re, commented: "The re/insurance market continues to present significant opportunity for growth. Companies across the sector are executing strategies that not only meet their cost of capital but, in many cases, exceed return hurdles. Investors should view the sector as one rich with growth potential and attractive opportunities. Encouragingly, our clients are beginning to see relief from the pricing pressures of the last three years in several segments. Even with this relief, we believe that end risk-takers can continue to generate strong returns and provide a stable and long term source of efficient Capital. This market environment creates an ideal space for an innovative organisation like Howden to develop new reinsurance products and structures, leveraging available capacity to benefit both clients and the industry - which is positioned for all participants to thrive. Over the next 12 months, we look forward to continuing our success in adding value for clients through an increasingly heightened macro risk landscape."

David Flandro, Head of Industry Analysis and Strategic Advisory, Howden Re, added: "The transition from peak pricing continues to offer fertile ground for those able to leverage data, analytics and innovation. Market trends are unfolding in an environment of buoyant reinsurance capital set against a growing spectrum of risk, amidst a backdrop of increasing macroeconomic and geopolitical uncertainty. These interconnected dynamics underscore the critical importance of understanding the full breadth of market cycles and capital flows. At Howden Re, we are uniquely positioned to provide the insights and strategies our clients need to navigate this complexity, ensuring resilience and success throughout the cycle."

Outlook for 2025

Whilst pricing is beginning to decline from historically high levels, structural changes introduced during the hard market are likely to endure. Insurers are expected to face continued earnings volatility in 2025, as they absorb the majority of catastrophe losses – particularly from severe convective storms, floods and wildfires – due to persistently high attachment points.

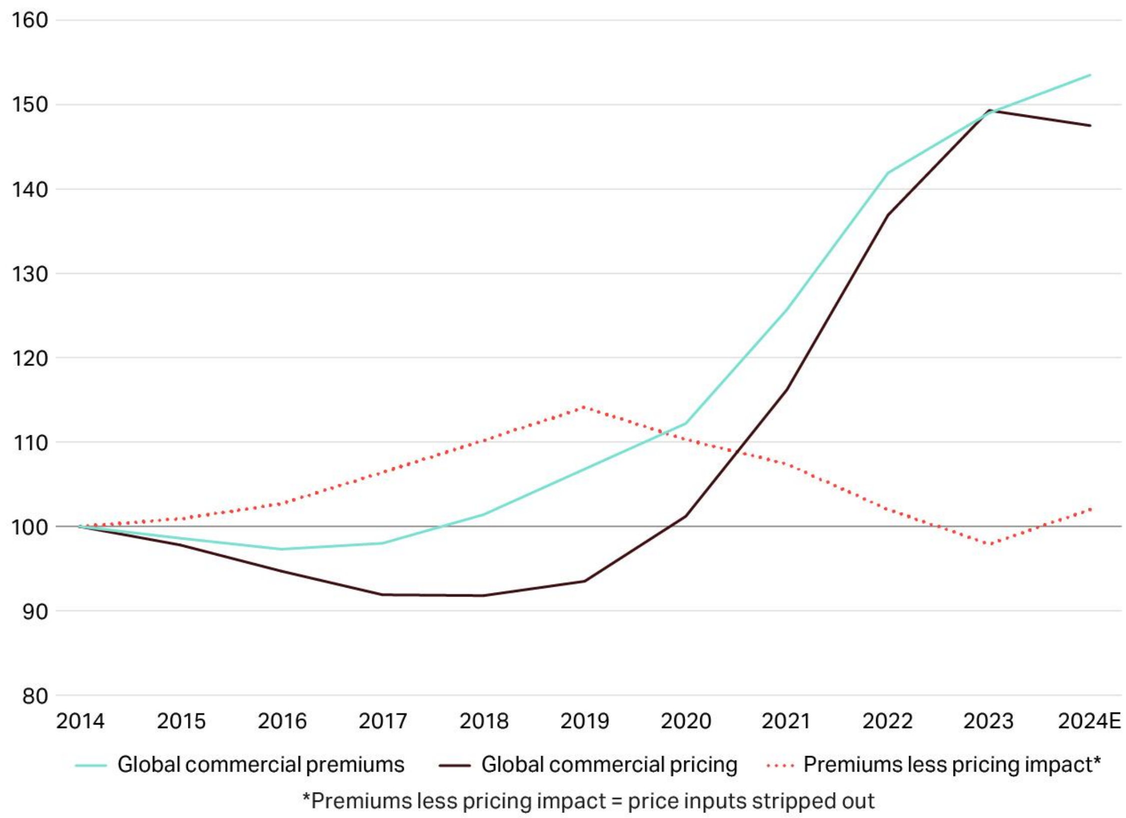
The risk landscape remains unyielding. Devastating and escalating wars, commodity shocks, soaring prices, financial market instability and high debt levels have ushered in a fragmented global order with profound implications for security, commerce, investment, supply chains, and political stability.

This new reality places businesses and carriers in a persistently high-risk environment, with the potential to intensify further. If 2024 will be remembered for escalating conflicts, the 'biggest election year ever,' and economic divergence, 2025 is poised to be shaped by policy implementation (tariffs and trade) and the emergence of new cycles.

Finding innovative risk transfer solutions to sustain market growth and address protection gaps will be critical as price momentum wanes. Figure 2 shows how global commercial insurance rate hardening has driven virtually all premium growth since the market correction that began in 2018/19. From here, a renewed emphasis on innovation will be essential to drive the next phase.

David Howden, Founder & CEO, Howden, concludes: “Our report is something of a wake-up call for the industry. Carriers have experienced strong growth for the best part of a decade now but, as we show today, a reliance on price alone is no longer enough to sustain that momentum. The dawn of a new cycle presents fresh opportunity as insurers look for new business to drive growth. In a more volatile world, our clients are crying out for more protection in everything from cyber to renewables. So the stars are aligning. Greater emphasis on innovation, on collaboration and on listening to the needs of the customer will mean a win-win-win for clients, society, and insurance companies alike.”

Figure 2: Index of global commercial insurance premiums vs global commercial pricing – 2014 to 2024 *(Source: Howden)*



ENDS

ABOUT HOWDEN

Howden is a global insurance group with employee ownership at its heart. Founded in 1994, it provides insurance broking, reinsurance broking and underwriting services and solutions to clients ranging from individuals to the largest multinational companies.

The group operates in 55 countries across Europe, Africa, Asia, the Middle East, Latin America, the USA, Australia and New Zealand, employing 19,000 people and handling $42bn of premium on behalf of clients.

For more information, please visit www.howdengroup.com and www.howdengroupholdings.com

ABOUT HOWDEN RE

Howden Re is the global reinsurance, capital markets, and strategic advisory arm of Howden. Encompassing Howden Re, Bowood, Howden Re Programs and Howden Capital Markets & Advisory, Howden Re is distinguished by its innovative service offering, entrepreneurial leadership approach, and commitment to excellence. With a broad suite of services and specialties, differentiated capital structure, and growing global team, Howden Re aims to deliver outsized value to clients.

CONTACT

Howden Corporate Communications
Sam Horril
samuel.horril@howdengrp.com
pressenquiries@howdengrp.com
07706 352 108