

News release

Contact:

Matthew Longbottom

+44 (0)7528 527 038

Matthew.longbottom@mmc.com

Sally Roberts

+1 (347) 2811454

Sally.roberts@mmc.com

Strong returns in reinsurance sector attracts capital, leading to favorable client outcomes

Global volatility persists but elevated insured loss activity seen in the first quarter moderated

New York, July 1, 2025 – According to Guy Carpenter, a leading global risk and reinsurance specialist and a business of Marsh McLennan (NYSE: MMC), despite global economic volatility and insured loss activity nearing \$70 billion through the first half of 2025, reinsurance renewal trends seen at January 1 continued including:

- Strong reinsurer balance sheets driving appetite for growth
- Excess property capacity and moderating pricing
- Disciplined casualty underwriting
- Reinsurer focus on holistic client relationships to grow their portfolios

Insured loss activity in the second quarter levelled off from the elevated first quarter. Losses for the first half of 2025 are now flat compared to the inflation-adjusted five-year average. The Los Angeles wildfires account for \$40 billion in insured losses or 59% of activity in the first half of 2025. For reinsurers, the wildfires are not expected to impair capital or appetite for the remainder of the year.

Despite loss activity in the first quarter, strong reinsurer performance is expected to continue in 2025. Reinsurer returns on equity were 16% in 2024 and are projected to be 15% in 2025. Reinsurance capital closed 2024 at an all-time high of \$607 billion. Guy Carpenter expects a continuation of this trend, with capital growth of 5% to 7% by year-end 2025.

Dean Klisura, President and CEO, Guy Carpenter, said: “The current trading environment is one of the most favorable for reinsurers in many years, evidenced by the additional capital being attracted to the sector. We see this as a tremendous opportunity to re-balance the market dynamics in our clients’ favor. More capacity will continue to moderate pricing, give clients more diversification of reinsurance partners, and provide better solutions to protect earnings.”

Reinsurers easily absorbed the 5% to 7% increase in client demand for property catastrophe limit. Moreover, reinsurer capacity exceeded demand by more than 20%, driving risk-adjusted rate decreases of 5% to 15% for non-loss impacted programs, and risk-adjusted rate increases of 10% to 20% for loss-impacted programs.

Property contract coverage analysis is an important part of delivering client value in this market. Guy Carpenter is using advanced AI and data science techniques to track contract coverage trends, provide clients with proprietary benchmarking and drive more consistency in the marketplace.

Client property catastrophe needs are also being addressed by an active catastrophe bond market. During the first half of 2025, approximately \$17 billion of limit was placed through 56 property catastrophe bonds and one health

catastrophe bond. In 2025, GC Securities has placed 23 catastrophe bonds, the highest number of any broker year to date.

While the casualty reinsurance market remained disciplined, two factors drove more stable outcomes for the Spring 2025 renewals. First, reinsurers and clients evaluated trading relationships across property, casualty, and specialty programs. Reinsurers looked to find balanced support across all programs for a given client. Second, carrier underwriting actions have improved casualty economics for reinsurers, particularly proportional programs where insurers share ground-up premium and loss. As a result, through mid-year renewals, ceding commissions on proportional placements generally renewed flat to slightly down following 18-24 months of reductions. Excess of loss placements continued to face rate pressure as loss severity drives more volatility for reinsurers – generally rates increased 10-20%, although each renewal was highly customized based on the individual portfolio.

Reinsurance market data charts are available on Guy Carpenter's [Renewal Resource Center](#).

About Guy Carpenter

[Guy Carpenter](#), a business of [Marsh McLennan](#) (NYSE: MMC), is a leading global risk advisory and reinsurance specialist and broker. Marsh McLennan is a global leader in risk, strategy and people, advising clients in 130 countries across four businesses: [Marsh](#), [Guy Carpenter](#), [Mercer](#) and [Oliver Wyman](#). With annual revenue of over \$24 billion and more than 90,000 colleagues, Marsh McLennan helps build the confidence to thrive through the power of perspective. For more information, visit marshmclennan.com, follow us on [LinkedIn](#) and [X](#).