

ACCIDENT CATASTROPHE MARKET 2025:

TRAVEL CONTINUES TO INCREASE, AS THE WORLD POLITICAL LANDSCAPE EVOLVES

Briefing Date: September 2025

Travel demand is rebounding strongly in 2025, with US domestic leisure spending expected to exceed USD 1 trillion and global business travel projected to surpass USD 2 trillion by 2028. However, infrastructure challenges, such as air traffic control issues at major airports, and evolving geopolitical tensions, including conflicts in Eastern Europe and the Middle East, continue to pose risks. Additionally, new US policies impacting inbound tourism create a complex environment for the travel sector, even as the US prepares to host major global events in the coming years.

Looking ahead to the 2026 accident catastrophe renewal cycle

The accident reinsurance market remains stable, with core treaty capacity exceeding USD 600 million and the ability to source up to USD 1 billion with the addition of facultative reinsurance and alternative capital. Strength in capacity offered through accident reinsurance markets worldwide provides stability.

Underwriter appetites continue to shift, with new entrants offering fresh perspectives on risk by providing better solutions for aligning coverage to underlying policies and growth objectives. Pricing in the reinsurance marketplace remains competitive, as incumbent markets look to sharpen their offers, provide consistency and maintain their shares. Rates are generally stable for loss-free renewals from a Rate on Line (ROL) perspective, with some decreases in the accident space on a risk-adjusted basis, offset by growth in underlying books or retention changes.

Coverage focuses on key perils such as conveyance accidents, war and conflict, explosions, terrorism, natural disasters and cyber

risks, with ongoing reviews of event definitions, territorial exclusions and confidentiality provisions, especially in high-risk regions such as Russia, Ukraine, Belarus and the Middle East.

Tier 1 Cat Reinsurance: Loss-impacted programs are generating bespoke pricing. For accident and health, capital market pricing continues to be precarious, given the returns in largely risk-free gilt and bond markets.

Terms and Conditions

Coverage focuses on the main perils exposed in accident catastrophe covers:

- Conveyance accident/crash (airplanes, trains, buses, etc.)
- War/conflict
- Explosions/fires
- Terrorism (conventional and nuclear, chemical, biological and radiological (NCBR))
- Natural disasters (earthquake/flood/wind)
- Cyber (indirect)

Major 2025 US aviation accidents to date

Event Date	City, State	Fatalities
January 1	Washington, DC	67
February 6	Nome, Alaska	10
March 10	Canton, Mississippi	3
April 10	Jersey City, New Jersey	6
April 28	Nanwalek, Alaska	2
June 4	Kaparuk, Alaska	2

Key factors include:

- Review of event and exclusion definitions (i.e., event duration period, loss date specified at time of loss or date of notice, and territory parameters).
- Focus on hours and radius clause in addition to a strong focus on war language.
- Clarification on bordering regions to war/conflict areas where territorial war exclusions apply and where known exposures are in high-risk territories.
 - Russia, Ukraine and Belarus continue to be monitored, as well as Israel/Gaza, Israel/Iran, Israel/Syria conflicts, especially with US involvement.
- Confidentiality articles are reviewed and tightened to address third-party access—we may see further reviews as the use of artificial intelligence (AI) tools become more prevalent.

Travel Insights

Accident reinsurance covers were largely concerned with common conveyance risks, particularly aviation. Now that travel has rebounded to pre-COVID-19 levels, we have been taking a closer look at aviation risk in 2025.

As of June 30, 2025, there have been 29 aviation accidents (involving passenger airplanes and helicopters) reported in the United States,

resulting in the loss of a total of 90 lives. This includes the fatal incident on January 29 near Ronald Reagan Washington National Airport (DCA), which saw the loss of 67 lives.

Additionally, outside of the US, another large aviation event was Air India Flight 171 bound for London, which crashed shortly after takeoff from Ahmedabad, India. This event killed 241 out of 242 people on board, along with several lives lost on the ground.

Commercial airlines are not the only concern in 2025, as medical aviation flight crashes have occurred in populated areas. On January 31, Med Jets Flight 056 crashed shortly after takeoff from Northeast Philadelphia Airport. The aircraft was on a medevac flight en route to Tijuana, Mexico, carrying 6 passengers—including an 11-year-old girl and her mother—as well as 2 crew members. The crash resulted in the deaths of everyone on board.

Similarly, on July 13, a flight operated by medical evacuation and transport company Zeusch Aviation crashed shortly after taking off from London Southend Airport bound for the Netherlands, killing all 4 people aboard. The plane had just dropped a patient off at Southend.

Robust Demand for Travel

Building on 2024 results, US domestic leisure travel spending is expected to reach more than USD 1 trillion in 2025, alongside steady growth in business travel spending forecasted to grow 4%. According to the Global Business Travelers Association, global business travel spending reached a record USD 1.48 trillion by the end of 2024 and is projected to surpass USD 2 trillion by 2028. Business travelers are recommitting to in-person meetings in the post-pandemic environment.

Infrastructure needs to keep up with demand. In May 2025, systems outages at busy Newark Liberty International Airport resulted in 4 occasions in which air traffic controllers lost contact with planes in a single month. Actions by the Federal Aviation Administration (FAA) to cut back flights helped the airport make corrections and improve the quality of services, but this risk at Newark could appear at other US major airports, as travel continues to grow and strain systems.

As the political landscape evolves, new US government policies to control illegal immigration and potential threats may present challenges in attracting inbound visitors. According to Travel and Tour World, international visitors are concerned about “economic woes, political instability and strict border controls, resulting in an expected drop in inbound tourism.”

As noted by Travel and Tour World, the month of March saw a decrease of 9.7% year over year and the inbound US travel is projected to decrease by 5.1% to 8.7%, resulting in a loss of potential USD 12 billion from international visitors. This is an interesting paradox, as the US is poised to host major events in the next year, which are typically expected to draw many international travelers:

- Ryder Cup, September 2025
- FIFA Men’s World Cup, June 2026
- 250th Anniversary of the US, July 2026
- 25th Anniversary Memorial of 9/11, September 2026
- Summer Olympics in Los Angeles, 2028.

War/Terrorism

War continues to be top of mind for the reinsurance marketplace, as the Russia/Ukraine conflict does not show signs of calming. Russia continues to launch attacks on Ukraine’s energy infrastructure, almost 3½ years after the initial invasion.

In the Middle East, Israel’s conflict with Gaza persists. In addition, added pressure on Israel from neighboring countries Iran and Syria is growing. On June 13-14, Iran launched a series of missile attacks on Israel, targeting key locations including Tel Aviv, in retaliation for Israeli strikes on Iran’s nuclear facilities. The conflict marked a significant escalation in the ongoing hostilities between the 2 nations, with both sides suffering damage and casualties amid a broader regional crisis.

Recently, the conflict between Israel and Syria intensified significantly, with Israel launching a series of airstrikes over central Damascus and other Syrian territories, marking the most serious escalation since December 2024.

Reinsurers working with Guy Carpenter are providing creative options for hot zones or notably “hot zone adjacent” areas, helping to address coverage challenges.

How Guy Carpenter Can Help

Our accident teams in the US and London are integrated for extensive market reach. Guy Carpenter's global and local market insights help clients find the best contract terms and rates possible.

We can help tailor solutions to effectively and efficiently match the right capital with your evolving risk profile through a number of tools, such as:

- Peer review studies for evaluating the competitive landscape
- Utilizing industry and proprietary modeling capabilities for terrorism and natural catastrophes
- Risk evaluation through GC-developed tools – GC AdvantagePoint® and MERLIN®

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At Guy Carpenter, our unsurpassed market presence—coupled with our reinsurance broking expertise, capital solutions, strategic advisory services and industry-leading analytics—equips clients with innovative solutions and leverages relationships to enable the best terms and conditions the reinsurance market has to offer for accident and catastrophe risks.

We take a holistic approach to evaluating challenges and can help you incorporate best practices and emerging trends into your risk management objectives. Clients are empowered by our leading analytics to make informed decisions. We encourage you to reach out to the Guy Carpenter representatives below with any questions or to learn more about Guy Carpenter's insights and solutions in the accident market.

Sources

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