MARSH RE

Global Specialties 2026 Market Update

Turning complexity into opportunities across global specialties

Introduction

Executive summary

The global specialty insurance and reinsurance market is navigating a period of genuine complexity. Geopolitical uncertainty, emerging technology risk and sustained claims pressure are all shaping conditions and doing so unevenly across classes, geographies, and client segments.

Despite that, the market remains healthy. Dedicated reinsurer capital has continued to grow, supporting meaningful expansion of the majority of the global specialties market throughout 2026. Amid the recent rate reductions, reinsurers' results have remained strong across Property, Construction, and Credit, with mixed results in Marine & Energy composite. Aviation is seeing a reduction of rate despite a run of major airline losses, whilst War, Terrorism, and Political Violence faces mixed conditions driven by escalating conflict in the Middle East. Cyber demand is growing and evolving, as AI-driven concerns prompt cedants to reassess their cession levels and explore more sophisticated structures. Rather than moving in one direction, the specialties market is pulling in several directions at once.

What clients are asking for has also shifted. Closer collaboration, more thoughtful structuring, and a genuine understanding of clients' risk have become key differentiators — not just price. Attachment points, coverage breadth and the balance between flexibility and cost are all under closer scrutiny than before. The reinsurers best placed to grow are those willing to move beyond the standard product set and engage with what clients actually need.

Soft markets do not last forever. When conditions harden, as they will, the decisions made now about structure, partners, and strategy will prove far more consequential than any single renewal outcome. The brokers and clients who use this period well, building resilient programmes and deepening the right relationships, will be best positioned when the cycle turns. We have navigated these conditions before, and our commitment to our clients does not change with the market cycle.

As the specialty market adapts, our focus remains on understanding our clients' goals and delivering the insight, structure, and relationships across the market needed to achieve them. Marsh Re Global Specialties' market-leading data and analytics, combined with the depth and experience of our specialist teams, give clients the clearest possible view of how to optimise their programmes, broaden their coverage, and take full advantage of everything this market has to offer in this current part of the cycle and the next.

James Boyce
CEO, Global Specialties

Key Report Findings

In this report, specialist teams from across Marsh Re's Global Specialties division provide their unique data-driven perspective on developments across a range of sectors.

Each section outlines the current market state-of-play, how these dynamics are driving changes in buying strategies, and what factors are likely to influence placement negotiations in the run-up to the 1 January, 2027 renewals.

Key findings by sector include:

Aviation

- Losses have kept aviation firmer than its specialty peers, but January 2026 general excess of loss pricing was largely flat to minus 5%. This is a modest correction set against premiums that have risen more than 300% since 2018.
- US nuclear verdicts remain a major concern, driving demand for higher limits and reinforcing efforts to bring claims within US jurisdiction.
- Additional excess of loss capacity has come almost entirely from existing markets, with more than 75% of the January 2026 programmes placed by mid-December; quota share appetite remains tighter than for excess of loss.
- Justice Butcher's June 2025 High Court judgment has given insurers legal direction to pursue Ukraine lessor claim collections. These have an estimated insured value of more than US$13 billion, with each programme renewal shaped individually by loss quantum and exposure profile.
- Reinsurer appetite to bring aviation war back inside composite excess of loss structures is growing, with several markets now willing to do so at high attachment points. This is a meaningful shift from the post-Ukraine position, in which war cover has sat as a standalone product since 2022.

Credit

- New reinsurer interest has reached unprecedented levels over the past two years, driven by excess capital, a desire to diversify away from catastrophe classes and confidence in the market's ability to generate strong returns through sustained uncertainty.
- The January 2026 renewals continued the direction set in 2025. Commissions rose further, whilst risk-adjusted excess of loss pricing reduced by between 10% and 15%.
- Despite total market capacity potentially reaching its highest levels ever, deployment fell from 122% at January 2025 to 120% in January 2026. No new entrant has been accepted as a leader or primary quoting market, with cedants continuing to favour long-term partners.
- Actual claims remain low despite real-risk scenarios in Russia, Ukraine, and Sub-Saharan Africa; incurred but not reported (IBNR) levels are elevated across several market participants. Reserve releases would add further fuel to the softening cycle.
- The greatest external threat to the current cycle is likely to originate elsewhere. A harder market would increase competition for capital and could cause capacity in this class to contract, with impact felt unevenly across cedants. Marsh Re is engaging clients earlier in renewal planning, with a clear focus on data-driven analytics and well-defined strategies to navigate that environment.

Cyber

- The cyber reinsurance market is offering buyers materially more choice, having moved away from off-the-shelf solutions. This year saw the first placed property/cyber combined catastrophe protection and three new Risk XL covers.

- With AI accelerating threat timelines and accumulation risk looking more plausible, buyers are reassessing their net risk posture and reinsurance strategies. Many are questioning whether current programmes provide adequate protection, with some seeking increased cession and others layering more event-specific coverage.

- AI is compressing threat timelines. The mean time-to-exploit has fallen from 745 days in 2020 to hours in 2026. The primary impact is one of speed and frequency, not a fundamentally different loss profile. Organisations adopting AI defensively are gaining clear advantage.

- Geographic strategy is increasingly central to portfolio construction. US claims development has extended from 3.7 to 7.8 years, making international diversification more valuable. European markets are achieving near 10% premium growth in 2026 despite double-digit rate reductions, signalling strong underlying demand.

- Hard retro structures for cyber are gaining traction and broadening deployable capacity. Reinsurers have made approximately US$3.4 billion on cyber quota shares between 2018 and 2025, with non-proportional treaties running at low-single-digit loss ratios. This is evidence of a fundamentally sound market.

Lloyd's Capital

- The Lloyd's market continues to demonstrate strong financial resilience but has entered a softer phase. There is less room for growth, capital deployment is becoming more selective, and Lloyd's is focused on maintaining responsible underwriting discipline through the cycle.

- Third-party capital remains central to the ecosystem, but existing syndicates are more discerning. Larger syndicates are broadly flat or reducing planned written premium slightly, whilst medium and smaller syndicates continue to seek growth at a more measured pace.

- Trade capital accounts for the majority of third-party participations; however, institutional capital from family offices, private equity, pension funds, and asset managers has established a meaningful and likely permanent role in the future of Lloyd's capital structures.

- London Bridge 2 continues to support access, offering a standardised structure and smoother execution that has broadened institutional participation and reinforced Lloyd's position as a source of attractive, non-correlated returns. Several ceded re sidecar syndicates have been structured via this route and have resonated with investors.

- New syndicates remain one of the clearest routes to genuine market growth, but the bar is higher: Lloyd's is focused on ensuring new entrants are demonstrably accretive, with the track record, strategic rationale, and ability to scale that long-term contribution to market quality requires.

Marine, Energy, & Technical Lines

Marine and Energy

- Rate adequacy across the direct market remains broadly sufficient, but underlying erosion persists across marine hull, cargo, and liability. Offshore energy pricing enters another year of reductions against a backdrop of low claims activity.

- Marine war is the clear exception, with the US/Israel/Iran conflict adding further upward pressure to conditions already established following Russia's invasion of Ukraine and Red Sea escalation. Blocking and trapping exposure remains a key underwriting focus.

- The reinsurance market entered 2026 with strong softening momentum, but pace has slowed as the MV Dali loss crystallisation at US$2.8 billion, Middle East conflict, and ongoing onshore energy losses have strengthened reinsurers' resolve to scrutinise portfolios and price for volatility.

- Emerging AI infrastructure and data centre projects are compelling cedants to map aggregates carefully, while broadening into renewables and onshore energy is reshaping traditional marine and energy portfolio boundaries.

- Marsh Re anticipates a bifurcated renewal market at 1 January, 2027, with outcomes differentiated by loss experience and long-term credit balance; global clients will retain a trading advantage through multi-class purchasing scale.

Construction & Engineering

- The market remains healthy despite softening, with rates down 5% to 10% year-on-year but rate adequacy at approximately 112%, supporting projected gross loss ratios in the high 40s.

- Appetite varies significantly by risk type: Four wall construction risks with lower contract values face the greatest pricing pressure, whilst large industrial projects and significant infrastructure risks continue to hold rate where specialist knowledge and meaningful capacity are required.

- Data centres are the standout growth story, with insurers seeing two or three opportunities each week, and contract values reaching into the tens of billions. Reinsurers are increasingly focused on aggregation risk and disciplined capacity deployment.

- On the reinsurance side, excess of loss pricing is down 5% to 15% risk-adjusted. Ceding commissions increased by an average of one to three points in 2026, and non-specialist treaty capacity has grown from US$15 million in 2020 to US$89 million in 2026.

- The outlook remains positive, underpinned by a strong global pipeline across infrastructure, energy, power, and digital buildout. Cedants are exploring larger probable maximum loss (PML) capacities at renewal, in order to capitalise on positive market conditions and increasing project sizes.

War, Terrorism, & Political Violence

- The War, Terrorism, and Political Violence (WTPV) market has entered a materially more complex phase: Middle East losses are being discussed at north of US$2 billion against an annual gross premium base of approximately US$2.5 billion, making this likely the first loss-making year for the class since 9/11.
- The market response has been selective rather than uniform. Pricing has tightened where losses are concentrated, but elsewhere the softening trend has paused rather than reversed, reflecting capacity meeting geographically concentrated loss.
- Demand is outpacing pricing, with submissions surging as Middle East-based insureds seek war-on-land cover not previously purchased, and insureds globally respond to a heightened risk environment with requests for broader protection.
- Capacity is not retreating; Marsh Re placed a new consortium in June capable of deploying up to US$47.5 million per risk in the Middle East and US$345 million globally, capacity that did not exist a year ago.
- The value of stand-alone WTPV reinsurance has been clearly demonstrated. Clients relying solely on composite programmes risk significant net exposures across remaining marine and energy classes once war losses erode shared limits.

Property

- Strong reinsurance profitability in 2025 drove capital growth through retained earnings, which, combined with new entrant supply, created a clear oversupply across retrocession and catastrophe on direct and facultative (D&F) placements throughout 2026.
- Excess capacity drove average risk-adjusted rate decreases settling in the high teens, with pressure on retentions and coverage. 2026 occurrence excess of loss (XoL) pricing now aligns with 2021, albeit average attachment points are still higher than during that period.
- Aggregate XoL has rebounded strongly, with a 50% increase in limit traded and almost 40% of buyers now integrating frequency protection into their excess of loss strategy, up from just over a quarter two years ago.
- Retro quota share capacity grew 8% in 2026, with overall limit placed exceeding US$20 billion — a 30% increase in four years — supported by a three-year average estimated ultimate loss ratio of 42%.
- If no major catastrophe loss activity occurs in the second half of 2026, the key themes evident this year are set to continue into 2027. Reinsurer returns will be strong and will drive further capital growth through retained earnings.

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