

AM Best's New Zealand Insurance Market Briefing – Auckland

November 19, 2026

Agenda

- Welcome Remarks
- Economic & Geopolitical Outlook
- Global Reinsurance Market Outlook
- New Zealand Life & Non-Life Market Segment Outlook
- Q&A
- The Next Best Experience: KPMG
- Networking Reception

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Welcoming & Opening Remarks

Rob Curtis – CEO & Managing Director, AM Best Asia Pacific

Catherine Roberston-Hodder – Partner, KPMG New Zealand

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Economical & Geopolitical Outlook

Meg Mulry – Senior Director, Strategy & Communications, AM Best

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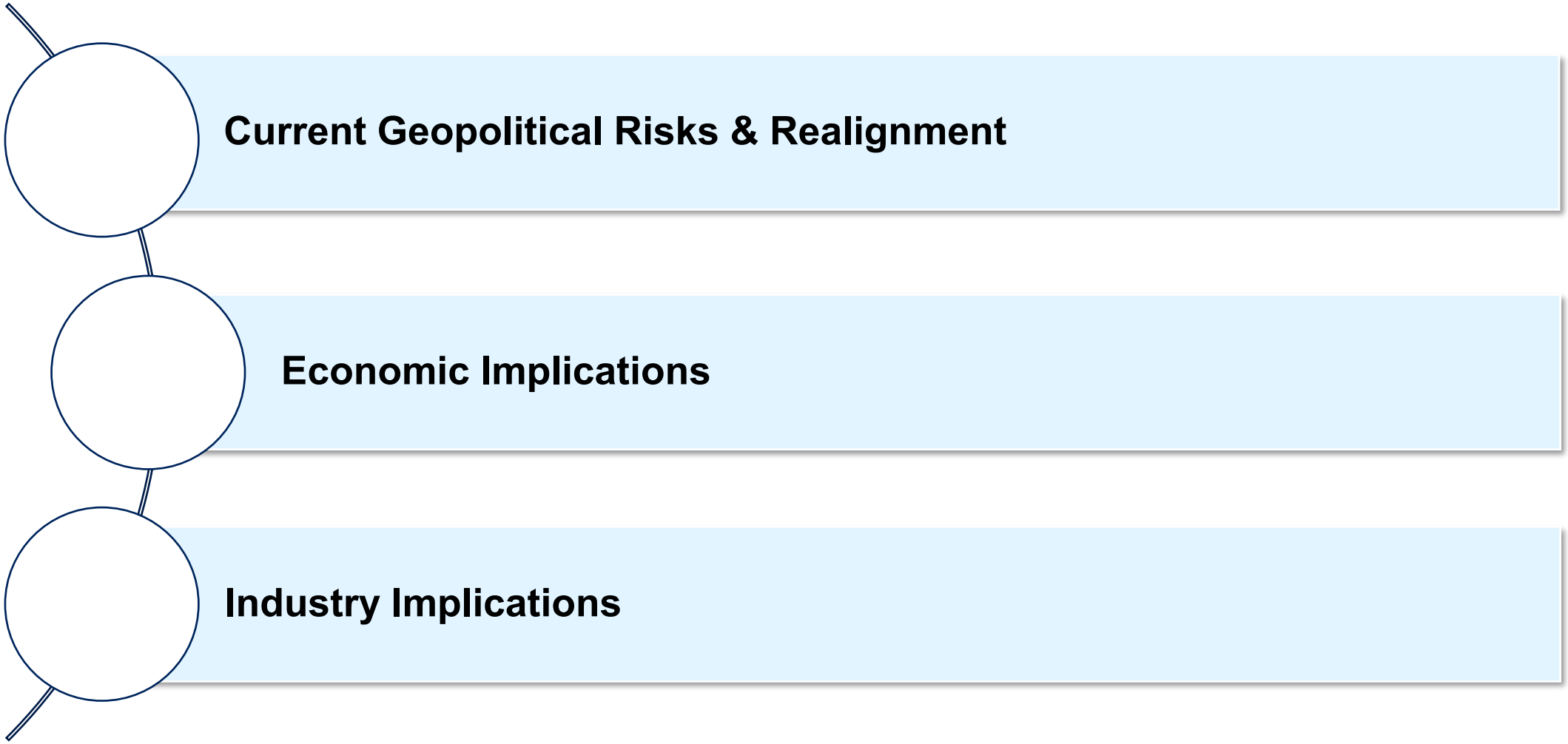
Agenda


Current Geopolitical Risks & Realignment
Economic Implications
Industry Implications

Current Geopolitical Risks & Realignment

Headlines

Trump's tariffs are back in court — again

Kten.com

A Fractured World Order: How Geopolitics Shapes Inflation

by Global Insights Center Staff

The Hartford, May 2026

Middle East conflict delivers first major test of post-Ukraine reinsurance wordings

The Insurer, September 2026

30-year Treasury bond yield scales to highest level since 2002

CNBC

Marsh CEO Says Geopolitics Tops CEO Risks

Bloomberg, September 2026



Browne Jacobson, June 2026

Insurers Must Pay Up for Jets Seized by Russia, UK Judge Rules

Insurance Journal, June 2025

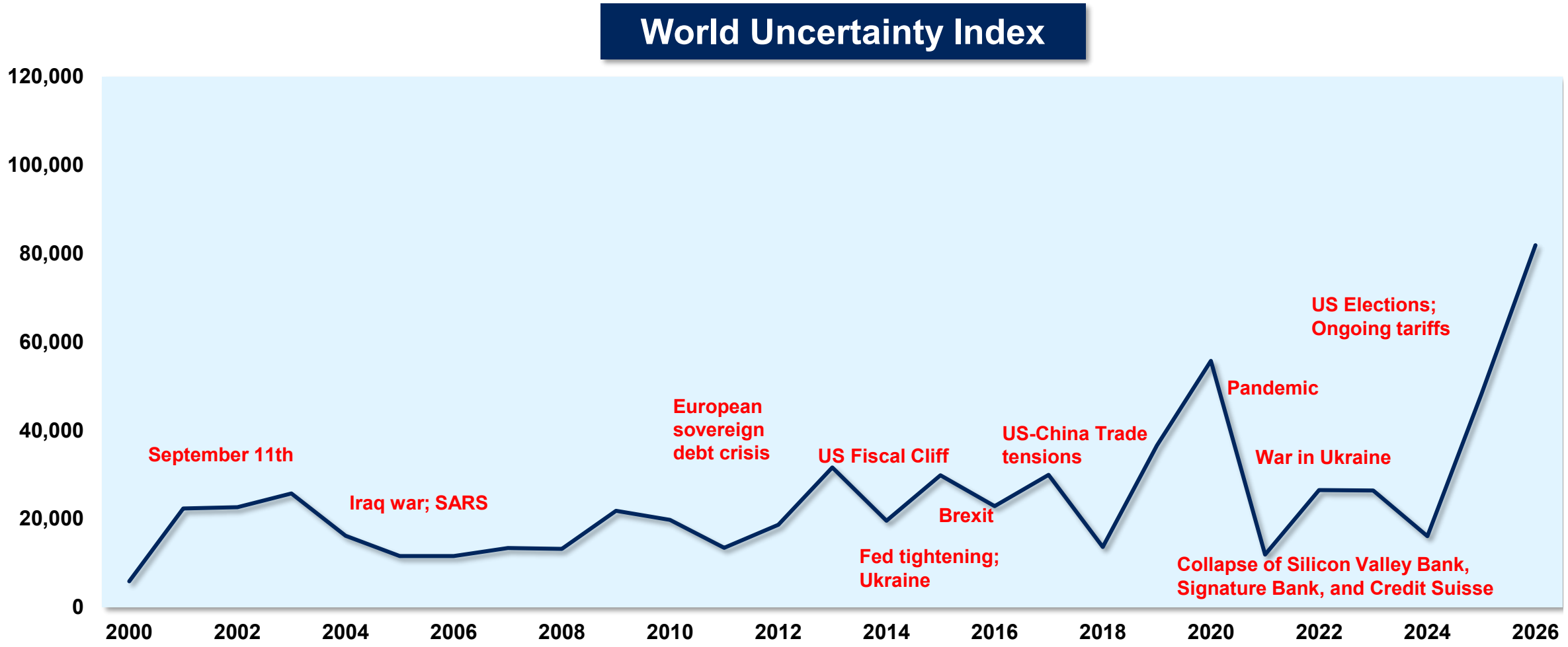
Geopolitical instability and digital infrastructure are reshaping global insurance markets,

Willis, May 2026

Oil Risk Premium Is Becoming Structural

Rigzone, September 2026

Higher Uncertainty is Becoming the New Normal



US Election Results

Democrats took control of Congress, wining a majority in both House and Senate

Unlikely to stop President Trump's unliteral decision making / rule through Executive Order, but may be able to check the worst moves

Less an endorsement of Democrats but a rebuke of Trump policies

Issues that motivated voters:


Economy / Inflation (food / fuel)


War in Iran


Violent immigration crack down


Tariffs


Corruption

Economics as a Tool of Power

	Cold War Order 1945-1991	US Led Global Order 1991- Late 2010's	Emerging Geoeconomic Order Present
Trade Policy	Trade concentrated among allies	Liberalization, WTO expansion, global supply chains	Tariffs, export controls, subsidies, sanctions
Supply Chains	Largely organized within political blocs	Globalized around efficiency and lowest cost	Organized around resilience, security and trusted partners
Technology	Military and technological race	Technology increasingly globalized and commercially driven	Technology becomes a central arena of strategic competition
Finance	Competing economic ideology/limited cross-bloc financial integration	USD-centered global financial integration expands	Finance increasingly used as geopolitical leverage; asset freezes and payment restrictions

Power Flows Through Strategic Dependencies





Source: AI generated images

Implications

1

Geopolitical power is increasingly derived from controlling strategic dependencies

2



Countries are prioritizing resilience and security alongside efficiency

3



Trade, energy, finance and technology are increasingly becoming instruments of leverage

4



Globalization is evolving rather than disappearing

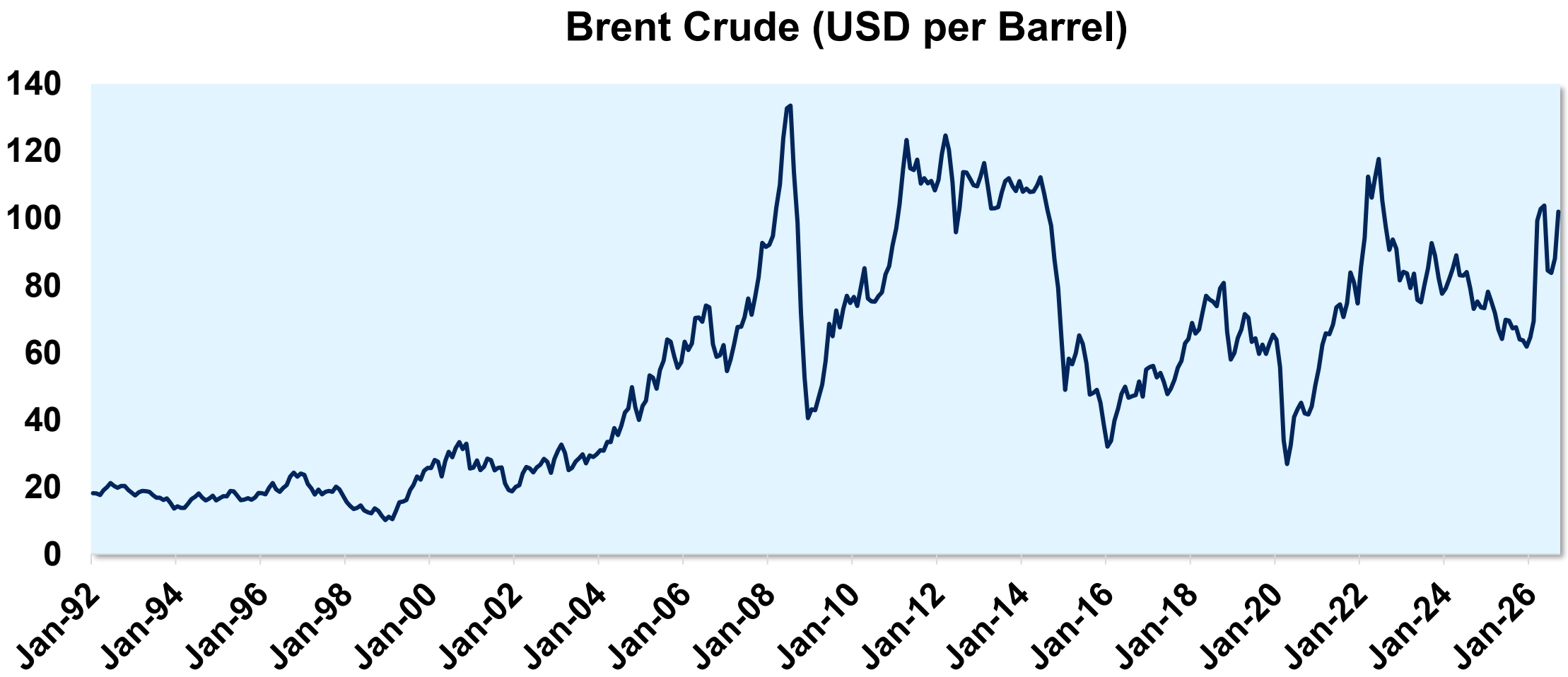
Taken together, these trends suggest the global landscape may become increasingly transactional and fluid, with countries pursuing issue-specific partnerships based on economic, security, and strategic interests.

Economic Implications

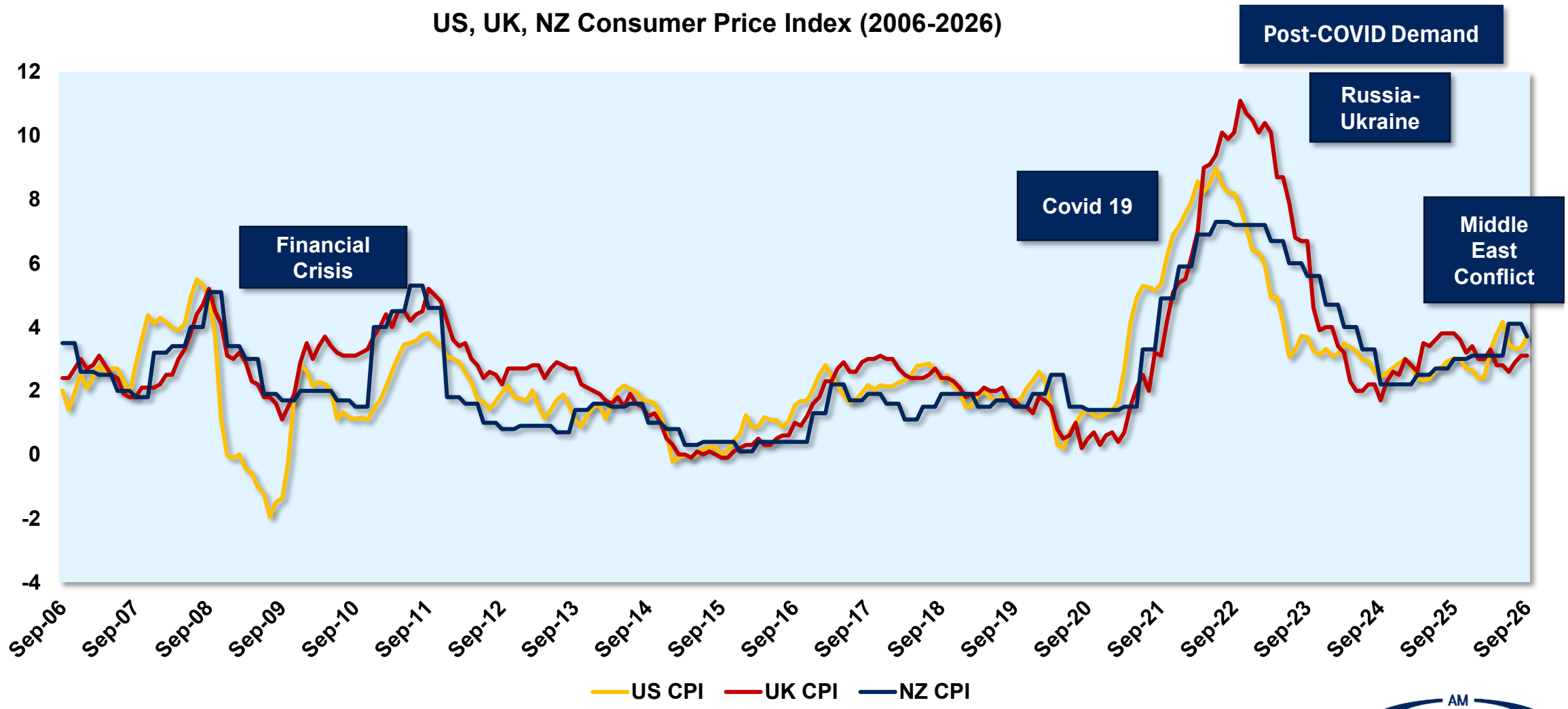
Currency as Power



Volatility Remains Elevated

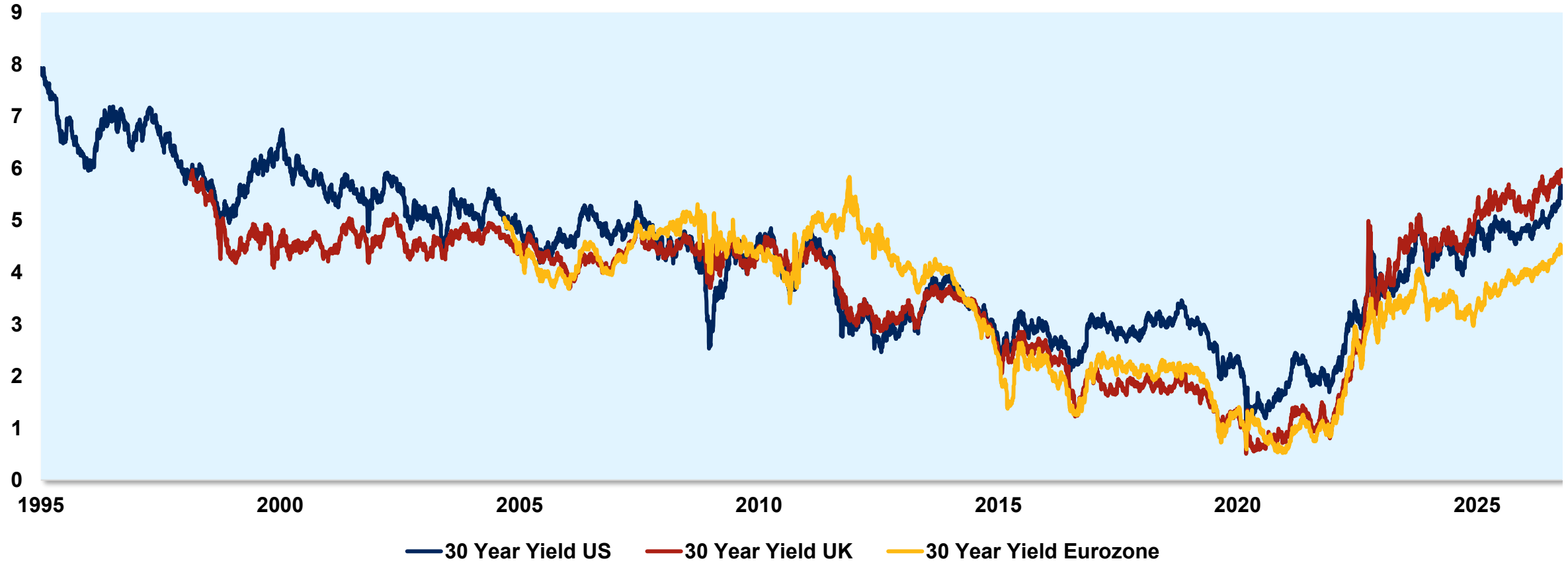


Inflation Remains Sticky Globally



Bond Yields at 20 Year High

30-Year Government Bond Yields, 1995-2026 (%)

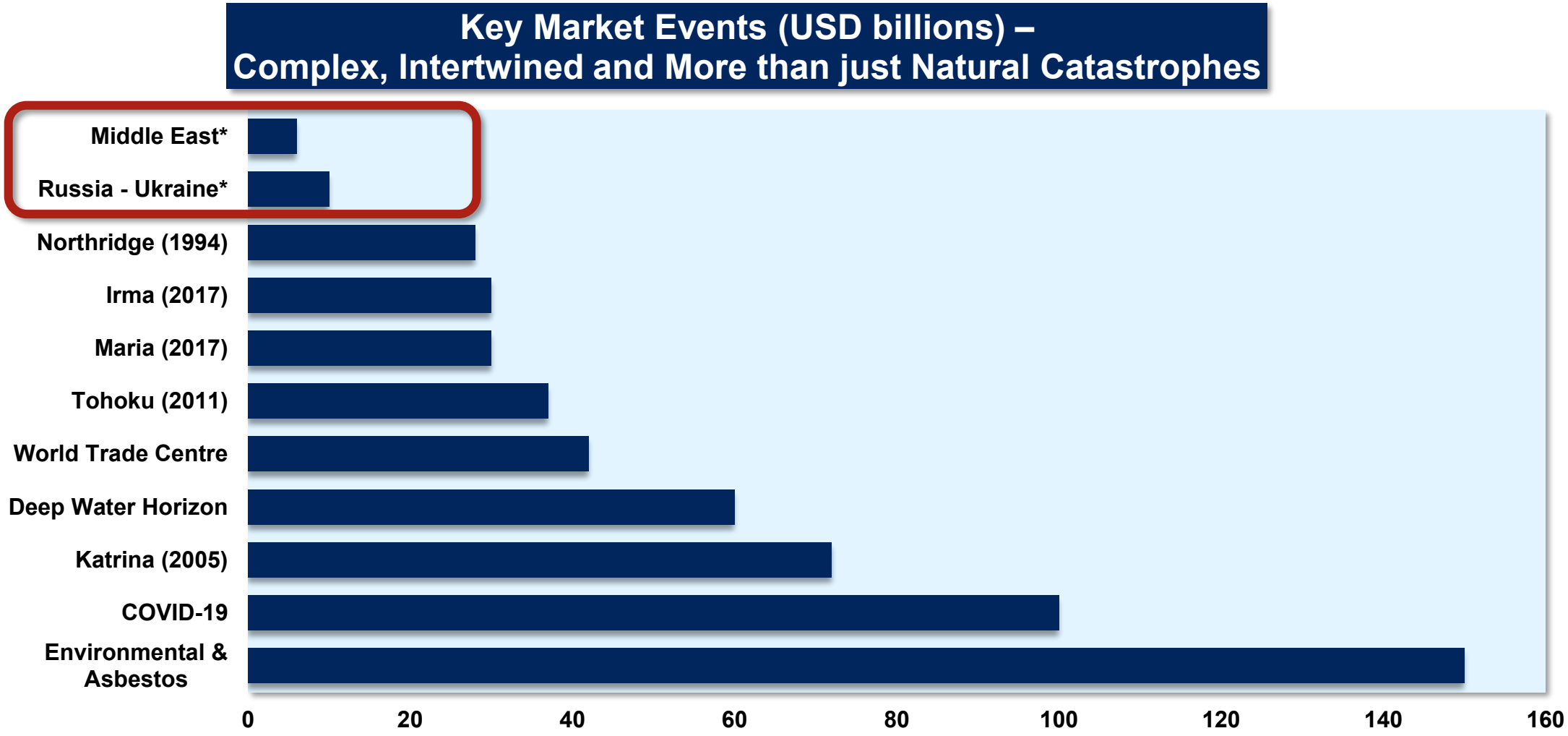


Industry Implications

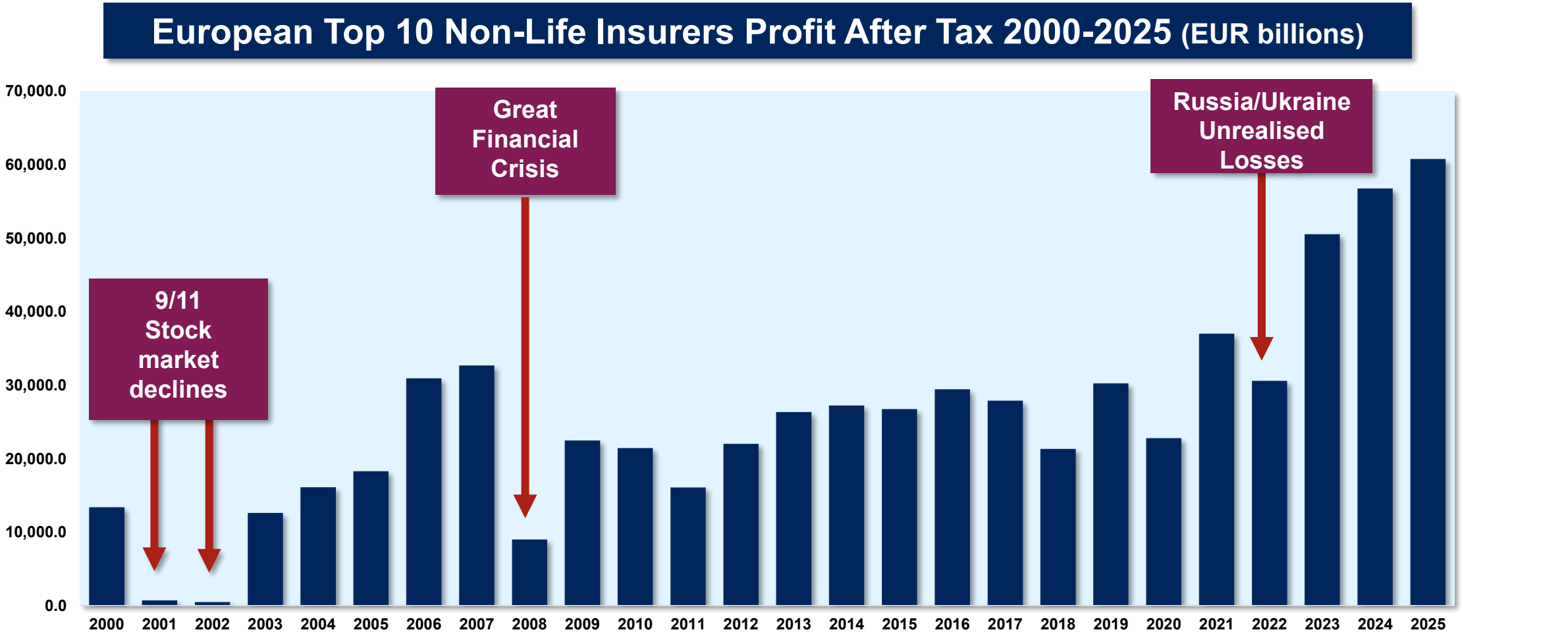
Dissecting the Impact of Geopolitical Conflicts

	Russia – Ukraine	Iran – Israel – USA
Countries Involved	Largely constrained to two countries	Mainly three; widening regional exposure
Duration	Four years+	Reaching its first year
Estimated Loss	~USD 10 billion	~USD 5-6 billion
Underlying Commonality	Energy price rise, financial market volatility, rising inflation and interest rates	
Secondary Effects	Supply chain disruptions, cost of living issues, food scarcity (grains, fertilizer)	
Markets Affected	Risks interconnected globally, emerging markets suffering more (currency risk)	
Local Markets	Operation risk, asset volatility	Iran – closed market, Israel – government covered risk, GCC – largely reinsured
International	Sanctions followed, stranded assets, marine aviation BI	Wider exposures, PV terrorism, marine, property damage, BI not covered
Exposure Mngt	Single reins tower, policy wording, T&Cs	Widening exposures, event clauses, reinsurance cover

Losses from Geopolitical Conflicts Less Significant and More Manageable



What Events can Disrupt Performance?



Key Takeaways

Industry
Proven resilient to recent events

Balance sheets
Strengthening in recent years

Risk management practices
Becoming more advanced and sophisticated

Risks
Increasingly complex and interconnected

Uncertainty and volatility
Elevated

AI and technological advancements
New challenges emerging

The new order
Difficult to predict

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Global Reinsurance Market Outlook

Victoria Ohorodnyk – Senior Director, AM Best

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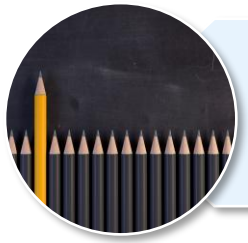
Global Non-Life Re Outlook Remains Stable – Tailwinds



Despite softening property pricing, operating results remain solid



Property-catastrophe underwriting aided by favorable terms and higher attachment points



Robust nominal and risk-adjusted capital, prudent capital management plans



Elevated interest rates enhancing investment income and earnings

Global Non-Life Re Outlook Remains Stable – Headwinds



Accelerated softening in property reinsurance pricing, with modest loosening of terms and structure



Social inflation driving reserve and pricing concerns in certain US casualty lines

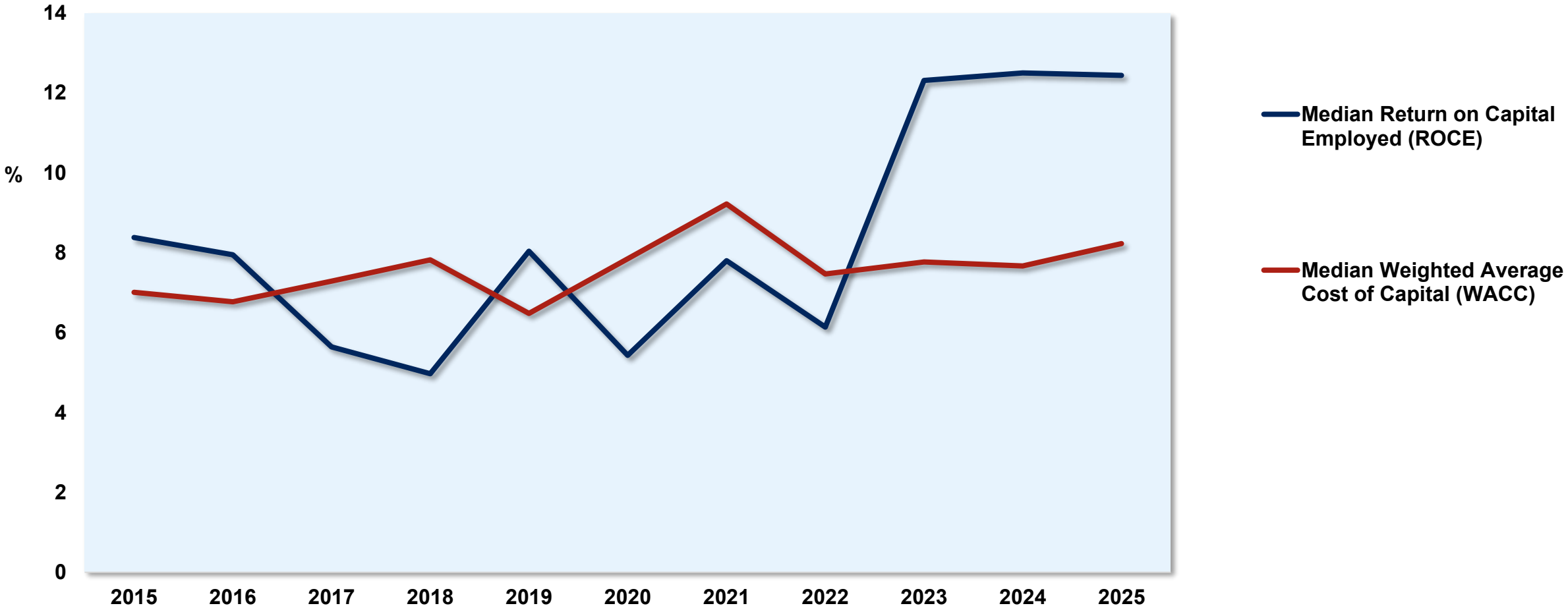


Elevated frequency and severity of weather-related events



Geopolitical and macroeconomic uncertainty – inflation, policy shifts, market volatility

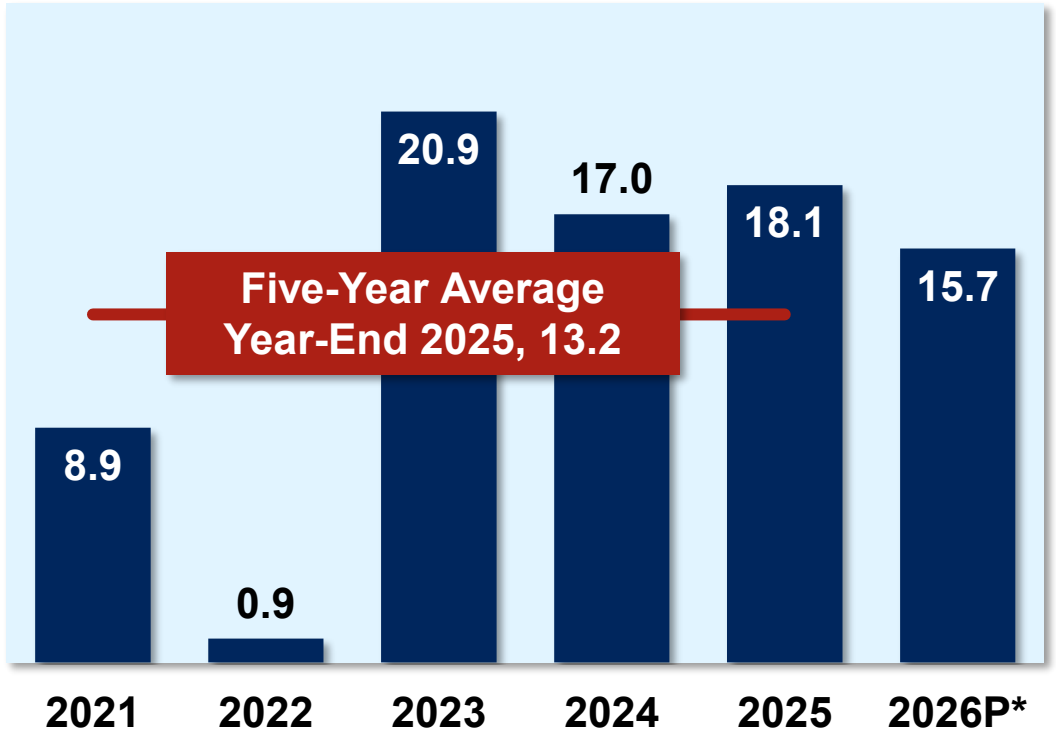
Returns Still Exceeding Cost Of Capital – Sustainable?



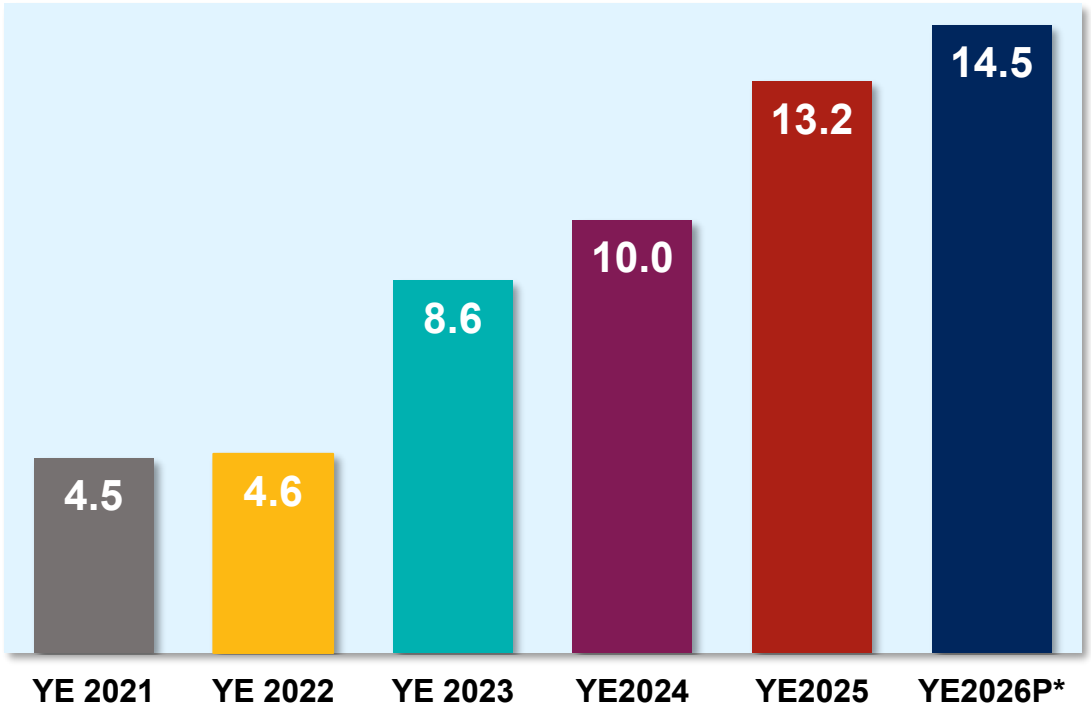
Source: Bloomberg

Dramatically Improved Performance Since Market Turned

Return on Equity (%)

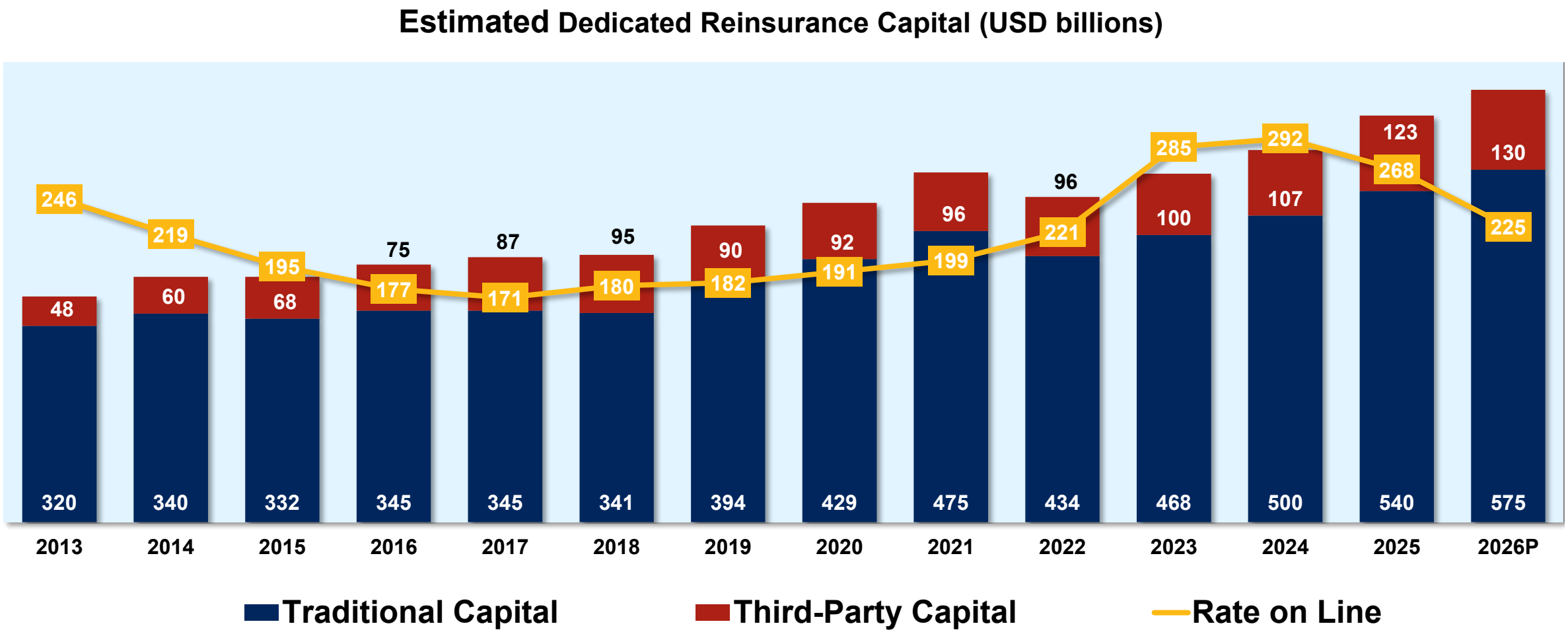


Global Reinsurance Market – Rolling Five-Year Average Return on Equity (%)



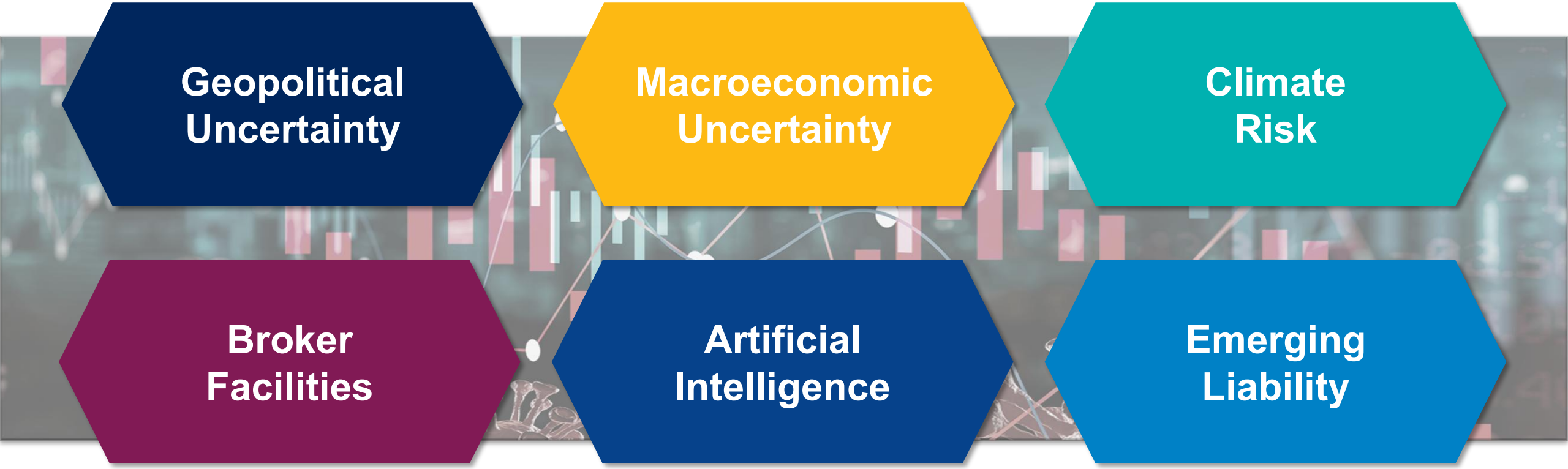
*Projection

Dedicated Reinsurance Capital at Record Highs

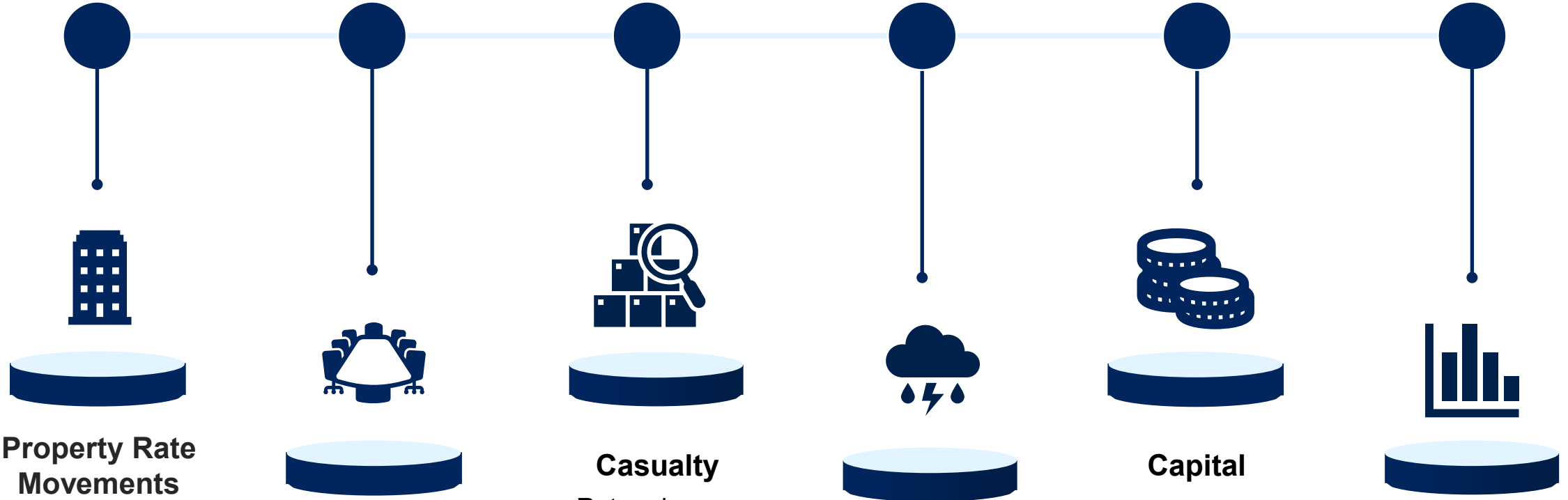


Index: 1990=100.
P: Projected.
Sources: AM Best data and research, Guy Carpenter Global Property Catastrophe Rate-On-Line Index

Key Global Risks Identified by AM Best



AM Best's Expectations – The Next 12 Months



Property Rate Movements

Continued softening off adequate base

Terms & Structure

Broadening but still tighter than pre-2023

Casualty

Rate adequacy unresolved, more strengthening expected

Catastrophe

Normal load assumed, volatility to earnings not capital

Capital

Record levels, disciplined deployment

Operating Results

Solid but moderating

What Could Cause a Negative Outlook?



Rate reductions that push pricing below adequacy



Broad loosening of terms, lower attachments, more aggregate capacity



Adverse development that erodes capital



Weather loss(es) that reveal a structural weakness



Expected ROE at or below cost of capital

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New Zealand Market Segment Outlooks

Yi Ding – Associate Director, Analytics, AM Best

Chee Yun – Financial Analyst, AM Best

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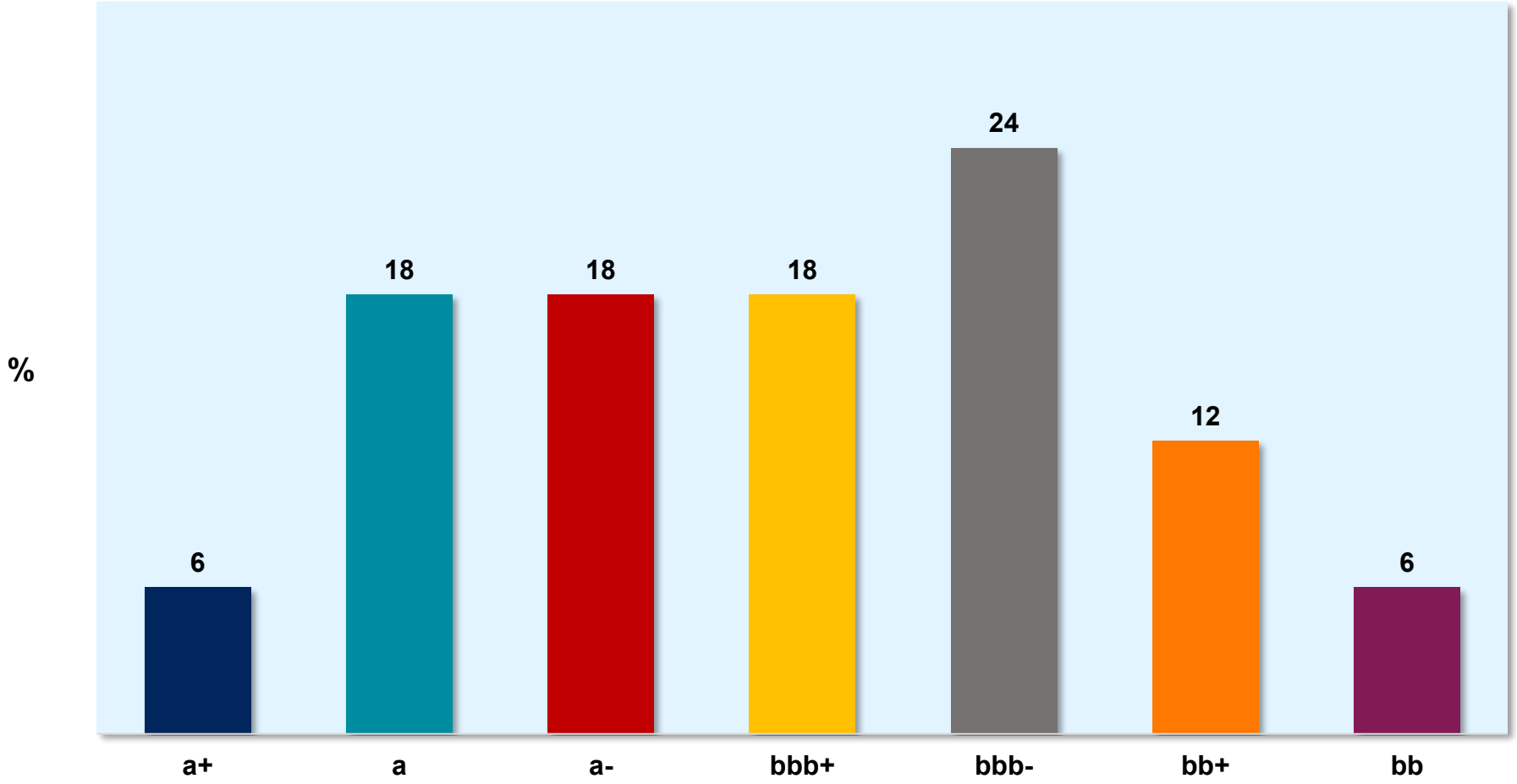
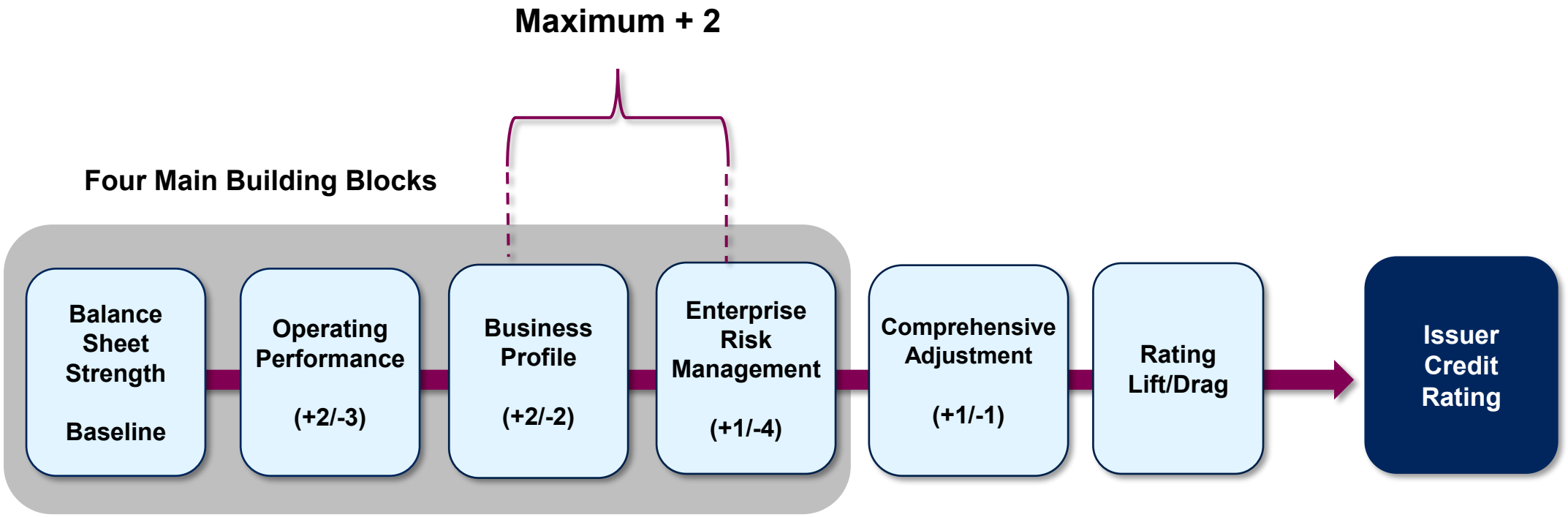
- New Zealand Rating Benchmarking
- AM Best's Market Segment Outlooks
- New Zealand Non-Life Insurance Outlook
- New Zealand Life Insurance Outlook

New Zealand Rating Benchmarking

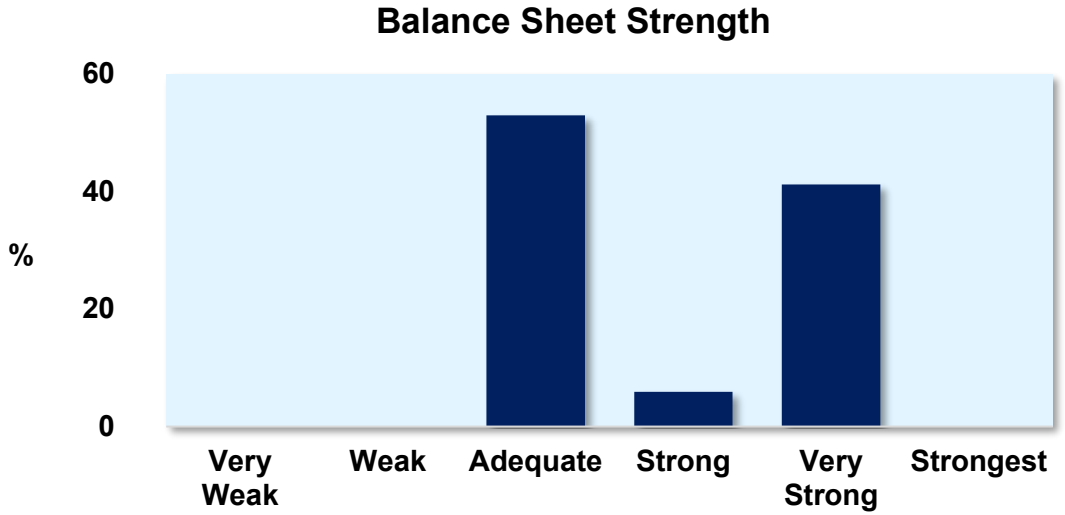
New Zealand Long-Term Issuer Credit Rating Distribution

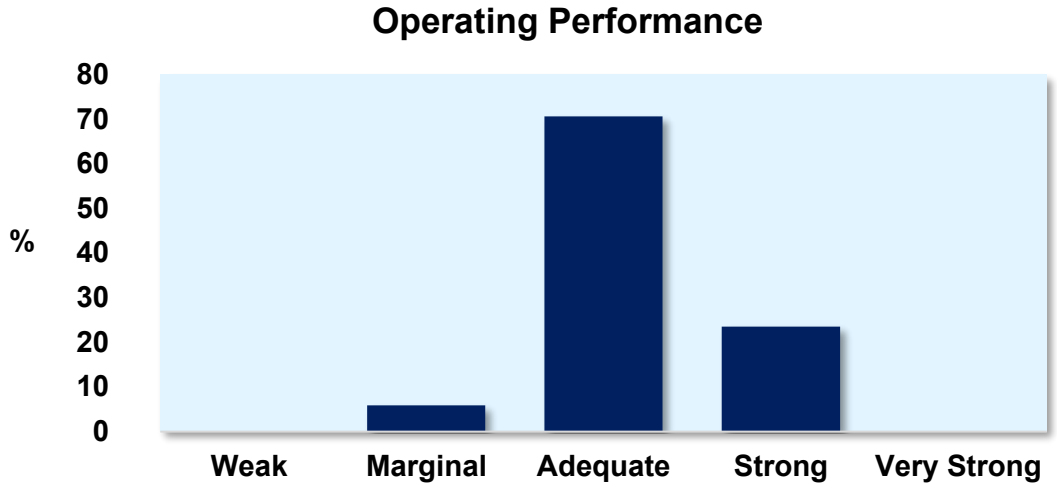


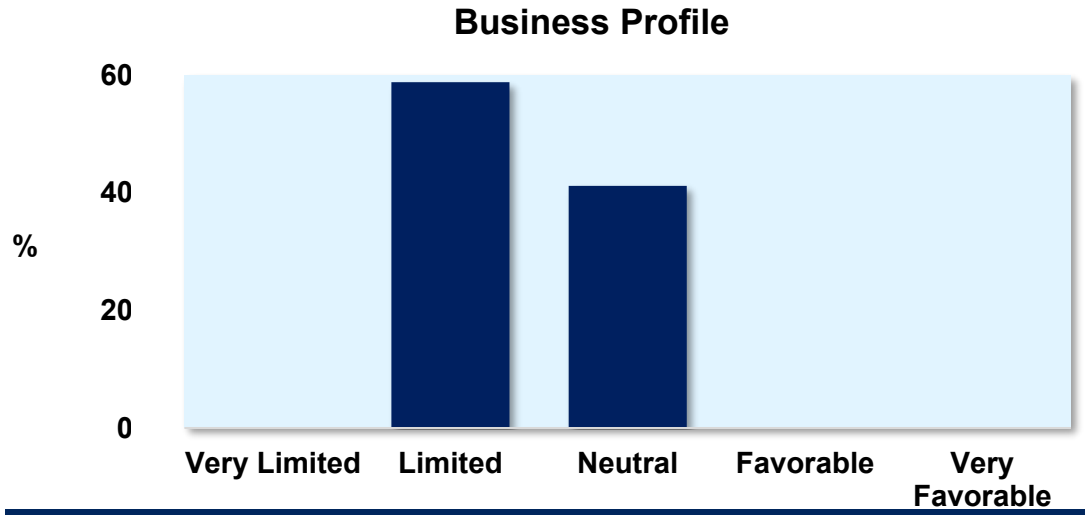
Best's Credit Rating Methodology – Building Block Approach

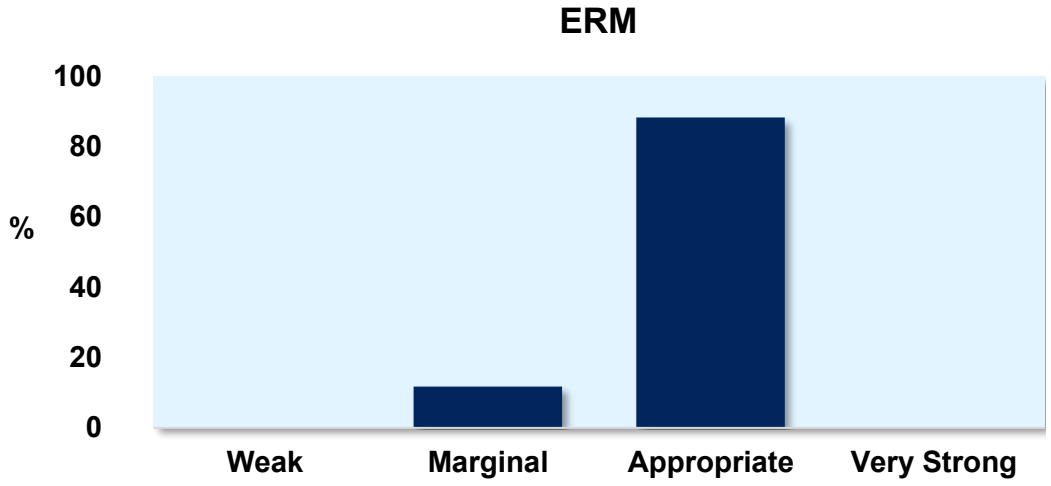


New Zealand Building Block Benchmarking









AM Best's Market Segment Outlooks

Market Segment Outlooks – Definition

Our market segment outlooks examine the impact of current trends on companies operating in segments of the insurance industry over the next 12 months.

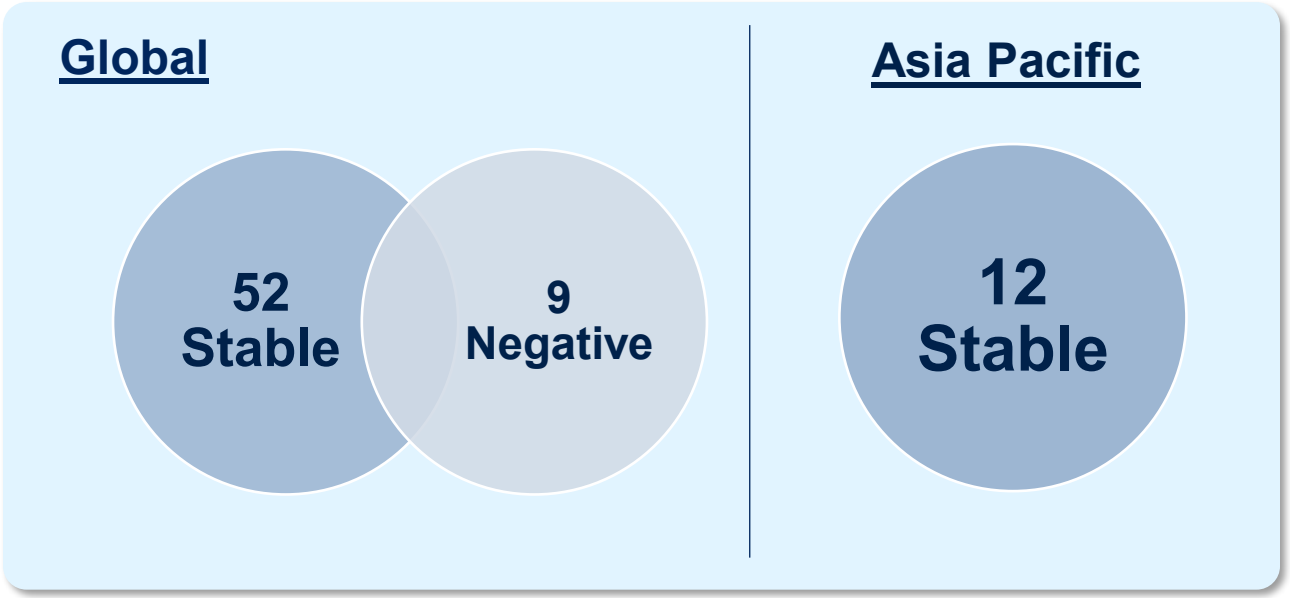
- **Economic Conditions**
  Current & forecasted economic conditions
- **Regulatory Environment**
  Regulatory developments
- **Competitive Landscape**
  Structural competition, capacity dynamics
- **Performance Trends**
  Financial & underwriting performance
- **Other Considerations**
  Other relevant factors

Outlook Scale – Next 12 Months

POSITIVE	Market trends expected to have a positive influence on companies operating in the market
STABLE	Market trends expected to have a neutral influence on companies operating in the market
NEGATIVE	Market trends expected to have a negative influence on companies operating in the market

Snapshot of AM Best's Market Segment Outlooks

AM Best currently publishes **61** market segment outlooks, across life, non-life, reinsurance markets and Delegated Underwriting Authority Enterprises (DUAEs)



Challenges Facing Different Markets

- Climate risk, natural catastrophes
- Reinsurance availability, capacity, cost
- Social Inflation
- Inflation & interest rate movements
- Regulatory developments
- Geopolitical uncertainty

New Zealand Non-Life Insurance Market Outlook

New Zealand Non-Life Outlook

AM Best has maintained its **STABLE** outlook on New Zealand's Non-Life Insurance Segment

Contributing Factors

- **Regulatory reforms** increase operational challenges & add cost pressures, but strengthens market resilience
- **Soft market phase,** particularly in commercial lines
- **Robust profitability,** supported by benign catastrophe environment & favourable reinsurance conditions
- **Improved profitability** in health insurance lines
- **Extreme weather events & climate risk** remain an ongoing concern

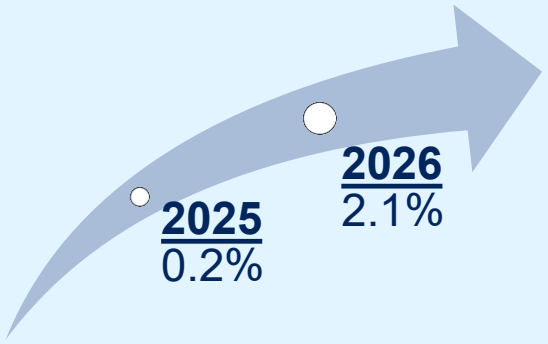
Outlook Scale – Next 12 Months

STABLE

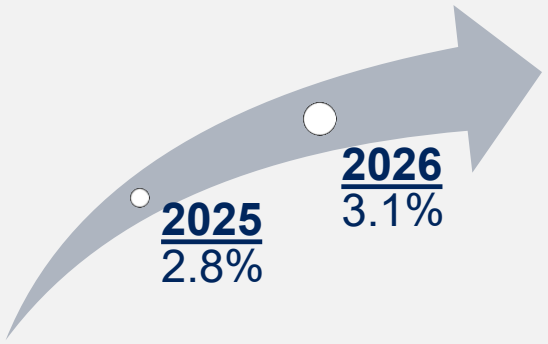
Market trends expected to have a neutral influence on companies operating in the market

New Zealand Non-Life Outlook – Economic Conditions

IMF Real GDP Growth Forecast



Inflation Forecast



Tailwinds

- Recovery in domestic demand, including household consumption & investments
- Solid export performance

Headwinds

- Elevated global uncertainty, trade & geopolitical risks
- Tensions in Middle East have placed upward pressure on energy prices, impacting domestic prices
- Softening labour market & high household debts

New Zealand Non-Life Outlook – Regulatory Environment

Evolving Regulatory Landscape

- Prioritisation of operational resilience, robust governance and improved consumer outcomes

- Contracts of Insurance Act (Effective November 2027)

  Fundamental changes to insurers' remedies, claims handling, and duties between insured & insurers

Strengthen Market Resilience but Add Cost Pressures

- Reforms are expected to strengthen market discipline & governance over the long-term
- **BUT** can be resource-intensive and introduce operational complexity, due to scale & complexity

New Zealand Non-Life Outlook – Competitive Landscape

The soft market phase, particularly in commercial lines, is driving competition and exerting downward pressure on pricing and premium growth.

Soft Market Phase	- Stable / declining premiums recorded in recent periods - High capacity, benign catastrophe environment, favourable reinsurance conditions boosted risk appetites - Increased market competition, downward pressure on premiums
Selective Underwriting	- Insurers remain selective about underwriting risk - Careful management of catastrophe exposure

New Zealand Non-Life Outlook – Performance Trends

Robust Profitability (Non-Life Insurers)

- Solid underwriting profits & investment income
- Favourable reinsurance conditions & capacity
- Benign catastrophe environment *(relative to severe weather events in 2023)*
- However, higher frequency of smaller weather events weighs on recent profitability

Improved Profitability (Health Insurers)

- Significant losses recorded in prior years
- Benefitted from targeted remediation actions
- Premium affordability remains challenging
- Policy lapse rates are ticking upwards, but remain manageable

New Zealand Non-Life Outlook – Other Considerations

Reinsurance Capacity

- New Zealand market remains attractive, geographic diversification
- Absence of major natural catastrophe events reinforces reinsurers' appetite for the market

Reinsurance Renewals

- Beyond reinsurance cost savings, insurers are better positioned to restructure RI programmes
  (i.e., increased limits, frequency covers & aggregate protection)

Reinsurance conditions remain favourable, allowing insurers to efficiently manage risk and catastrophe exposure

New Zealand Life Insurance Market Outlook

New Zealand Life Outlook

AM Best has maintained its **STABLE** outlook on New Zealand Life Insurance Segment

Contributing Factors

- **Muted premium growth** over the short term, despite an improving economic outlook
- **Evolving regulatory landscape** creating increased operational and resource pressures
- **Intense competition** amid soft market conditions, life insurers prioritise product innovation and competitive pricing.
- **Solid profitability** despite challenging market conditions

Outlook Scale – Next 12 Months

STABLE

Market trends expected to have a neutral influence on companies operating in the market

New Zealand Life Outlook – Regulatory Environment

Evolving Regulatory Landscape

- Prioritisation of operational resilience, robust governance and improved consumer outcomes

- Contracts of Insurance Act (Effective November 2027)

  Fundamental changes to insurers' remedies, claims handling, and duties between insured & insurers

Strengthen Market Resilience but Add Cost Pressures

- Long term benefits: improve market discipline and consumer confidence.
- **BUT** can be resource-intensive and introduce operational complexity
- Insurers are required to make changes to product design, distribution strategy, claims handling and system infrastructure

New Zealand Life Outlook – Competitive Landscape

Muted Premium Growth	- Muted premium growth in the short term, despite New Zealand economy showing early signs of recovery. - Continued cost of living pressure, high household debt and weak real wage growth
Competitive Pressure	- Continued competitive pressure in the life insurance segment, especially in the financial adviser channel - Insurers offer heavier discounting, innovate products, etc.
M&A	-Trend of acquisition of life insurers by international groups - Driven by New Zealand insurers' regulatory and compliance burden, as well as international groups' expansion strategy - Insurers that are part of global groups tend to benefit from group resources

New Zealand Life Outlook – Performance Trends

Solid Profitability Despite Challenging Market Conditions

- Prolonged competitive pressure contributes to compressed new business margin and increased lapse risk. However, they remain manageable to date
- Continued spending on compliance and system upgrades will weigh on short-term earnings
- Stabilised profitability for health portfolio, as remediation actions being implemented by insurers in recent periods

New Zealand Life Outlook – Other Considerations

Infrastructure Investment

- Continued investments in digital transformation, including digital underwriting tools, advanced analytics, online application systems
- Improve operational efficiency and respond more effectively to evolving consumer needs

Risk Management

- Continued strengthening of risk management capabilities to mitigate data privacy and cybersecurity risks

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The Next Best Experience: What KPMG New Zealand's CX50 Reveals About Insurance, and Why Agentic AI is Changing the Rules of Customer Value

Pepijn Lagerberg – Senior Manager, Digital Consulting, KPMG New Zealand

Lance Webb – Head of Customer Experience Practice, KPMG New Zealand

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