

AM BEST

Conferenza Italia di AM Best sul mercato assicurativo -
Milano

17 Giugno 2026

The Westin Palace, Milan

Presenters



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Agenda

- 10:00 Welcome and Introductory Comments**
Riccardo Ciccozzi, Director, Market Development – Europe, AM Best
- 10:10 Guest Presentation: “Italian Reinsurance Market Update and Outlook for the Coming Renewal Season”**
Vincenzo Cacia, CEO, Guy Carpenter Italy
- 10:50 Italian Insurance Market Segment Outlooks 2026 & IFRS: Latest Observations**
Andrea Porta, Senior Financial Analyst - Amsterdam, AM Best
- 11:30** 
- 11:45 Globalisation Versus Protectionism**
Romeo Berti, Senior Financial Analyst – London, AM Best
- 12:15 The Global Reinsurance Market: Perspectives and Outlook**
Eli Sanchez, Director, Analytics – Amsterdam, AM Best
- 12:45 Closing Comments and Networking Lunch**

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Italian Insurance Market Segment Outlooks 2026

Andrea Porta
Senior Financial Analyst, Amsterdam

What is a Best's Market Segment Outlook?

AM Best's Market Segment Outlooks:

- Examine the current trends in particular segments of the insurance industry over the next 12 months
- Typical factors considered include:
 - Current and forecast economic conditions
 - The regulatory environment and potential changes
 - Emerging product developments
 - Competitive pressures
- AM Best's Market Segment Outlook can be Positive, Negative, or Stable, like a Best's Credit Rating Outlook for a company
- Many segments covered internationally
- AM Best ratings take into account how companies manage these factors and trends
- Not an indicator of rating movements

AM Best's 2026 Market Segment Outlook – Italy Non-Life Insurance

Outlook – Maintained at Stable

- Robust top line growth, although repricing actions are expected to decelerate
- Manageable impact from 2026 Budget Law – Profitability expected to be maintained
- Non-motor business gaining relevance and out-growing motor



BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

May 11, 2026

Market Segment Outlook: Italy Non-Life Insurance

AM Best expects strong demand for non-motor coverages to continue in 2026, amid price pressures.

AM Best is maintaining its Stable outlook on Italy's non-life insurance segment. The outlook reflects the following factors:

- Top line growth although repricing actions expected to decelerate.
- Additional fiscal burden from the 2026 Budget Law expected to be manageable.
- Non-motor lines of business are gaining relevance.
- Stable regulatory environment.

Top Line Growth Although Repricing Actions Expected to Decelerate

AM Best expects gross written premium (GWP) in Italy's non-life insurance segment to continue on a steady growth trend during 2026 across all lines of business, although at a slower pace than in recent years as rate adjustments are expected to decelerate, most notably in the motor line of business.

Additionally, AM Best expects the segment to continue to exhibit solid profitability over the next 12 months, benefiting from previous years' price increases earning into premiums.

Based on statistics from Associazione Nazionale fra le Imprese Assicuratrici (ANIA), in the three year period 2023-2025 the average premium for motor third-party liability coverage increased by a compound annual growth rate of 4.7%, boosted by repricing actions put in place by insurers to offset claims inflation. Considering that the segment remains highly competitive despite being highly concentrated—the three largest groups account for roughly half of the market in terms of GWP—price adjustments are expected to moderate as inflation cools and competition intensifies.

current geographic... have... to... press



AM Best's 2026 Market Segment Outlook – Italy Life Insurance

Outlook – Revised to Stable

- Improvement in lapses trend supports positive net volumes
- Concentrated market with high competition from domestic investment opportunities
- Segment exposure to economic uncertainty



BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

May 12, 2026

Market Segment Outlook: Italy Life Insurance

The interest rate environment provides favourable conditions for life insurers, allowing them to maintain healthy profit margins and investment returns.

AM Best has revised its outlook on the Italian life insurance segment to Stable from Negative.

The revision of the outlook to Stable primarily reflects the improvement in lapses and AM Best expectations that companies can continue to adjust to keep positive net inflows.

The Stable outlook also reflects the following factors:

- Robust top line development.
- Highly concentrated market.
- Manageable fiscal burden from the 2026 Budget Law.
- Regulation focused on preserving liquidity.

Robust Top Line Development

AM Best expects life insurance premium income to remain resilient in 2026, consolidating its recovery trend. Demand for both traditional and unit-linked products is expected to drive top line growth, although global geopolitical tensions and financial markets' volatility have the potential to limit the development of the market in the short to medium term.

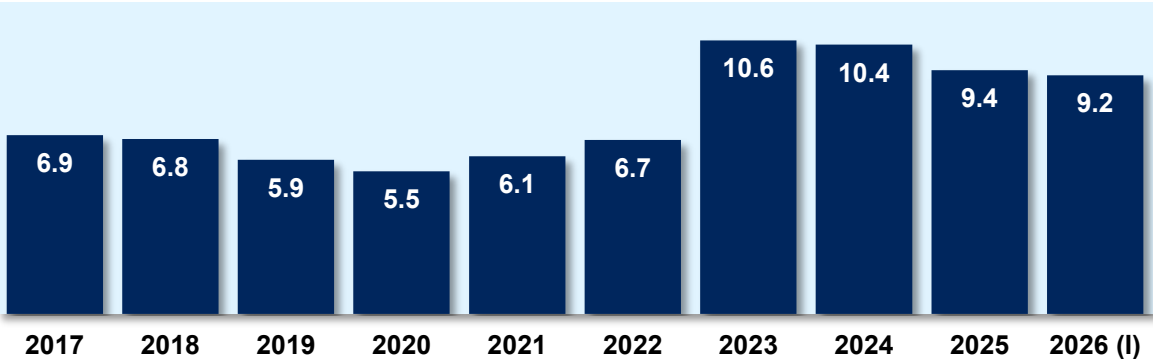
The interest rate environment provides favourable conditions for life insurers, allowing them to maintain healthy profit margins and investment returns.

Additionally, net inflows are expected to remain healthy and surrenders largely manageable, reversing a trend that has been a headwind for the industry in recent years. According to the Associazione Nazionale fra le Imprese Assicuratrici (ANIA), Italy's life segment recorded a net inflow of €9.9 billion in 2025, compared to a net outflow of €1.2 billion in 2024.

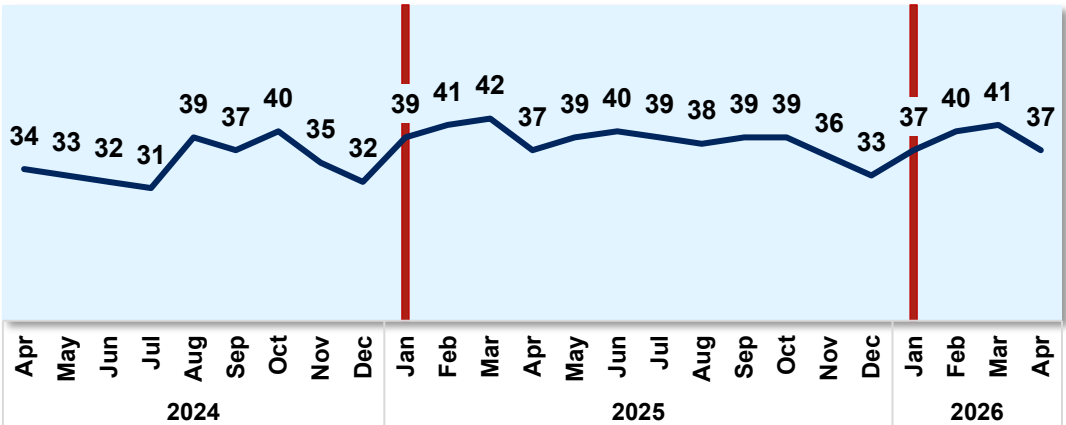


Italy Life Insurance – Stable Outlook

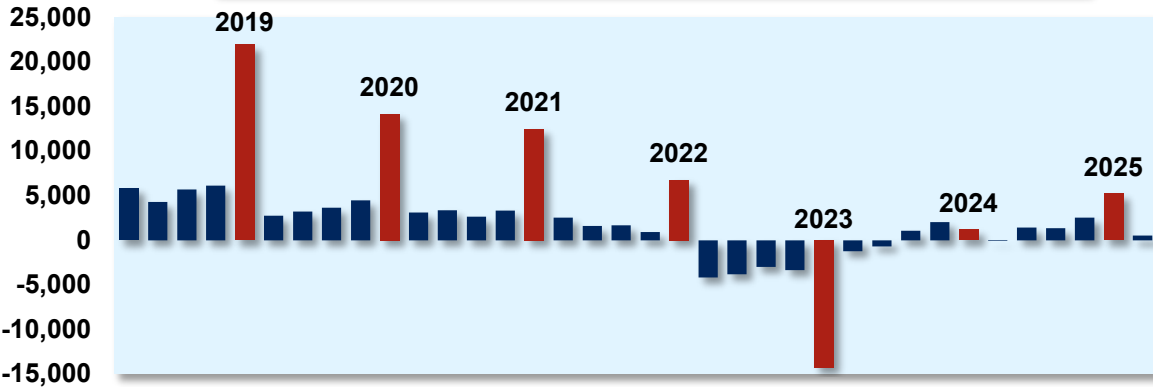
Lapse Ratio (%)



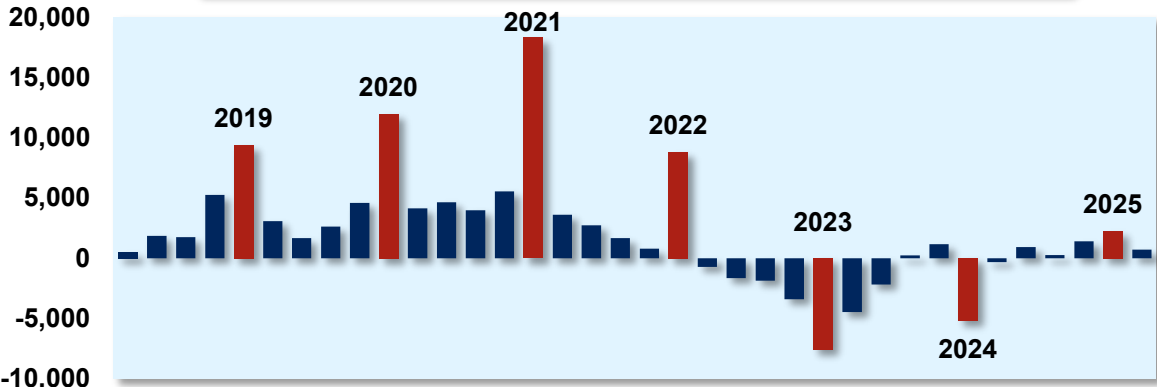
Ratio of UL over total volumes (%)



Net Inflows Class I (EUR m)



Net Inflows Class III (EUR m)



AM Best's European Market Segment Outlooks

France Life

Stable
(Maintained)

Apr 28, 2026

France Non-Life

Stable
(Revised from Negative)

May 19, 2026

Germany Life

Stable
(Revised from Negative)

Feb 25, 2026

Germany Non-Life

Stable
(Revised from Negative)

Feb 24, 2026

Italy Life

Stable
(Revised from Negative)

May 12, 2026

Italy Non-Life

Stable
(Maintained)

May 11, 2026

Spain Life

Stable
(Maintained)

May 5, 2026

Spain Non-Life

Stable
(Maintained)

June 4, 2026

UK Life

Stable
(Maintained)

May 26, 2026

UK Non-Life

Stable
(Maintained)

Mar 24, 2026

London Market

Stable
(Maintained)

Mar 31, 2026

[Click here to download AM Best's Market Segment Outlooks](#)



IFRS: Latest Observations

Andrea Porta
Senior Financial Analyst, Amsterdam

Key Observations on Reporting and Disclosures

Consequences of IFRS 17 Reporting

Combined Ratio

Loss ratio	Expense ratio
Incurred claims Changes to past services	Insurance acquisition cash flows amortisation
Onerous contracts	Non-Attributable Expenses
Directly attributable expenses	
Combined ratio	

- Attributable expenses are often reported together with incurred claims
- This makes the loss ratio and expense ratio individually less relevant

Segmental Reporting

PAA	GMM
	Non-life contracts Life contracts
	Insurance contracts Reinsurance contracts

- PAA and GMM measured business could include both non-life and life business
- Life/non-life splits are sometimes available as an optional management disclosure, though without roll-forward tables meaningful analysis is difficult
- Contract boundary mismatch

Benefits of IFRS 17 Reporting

Disclosures

Development triangles

Roll forward tables

- In many cases, triangles show development of the undiscounted best estimate liability (BEL) only
- Provides greater insight of BEL adequacy without the noise of unallocated management margins
- Prior year development and the release of risk margins are now easily identifiable

Accounting recognition

Onerous contracts

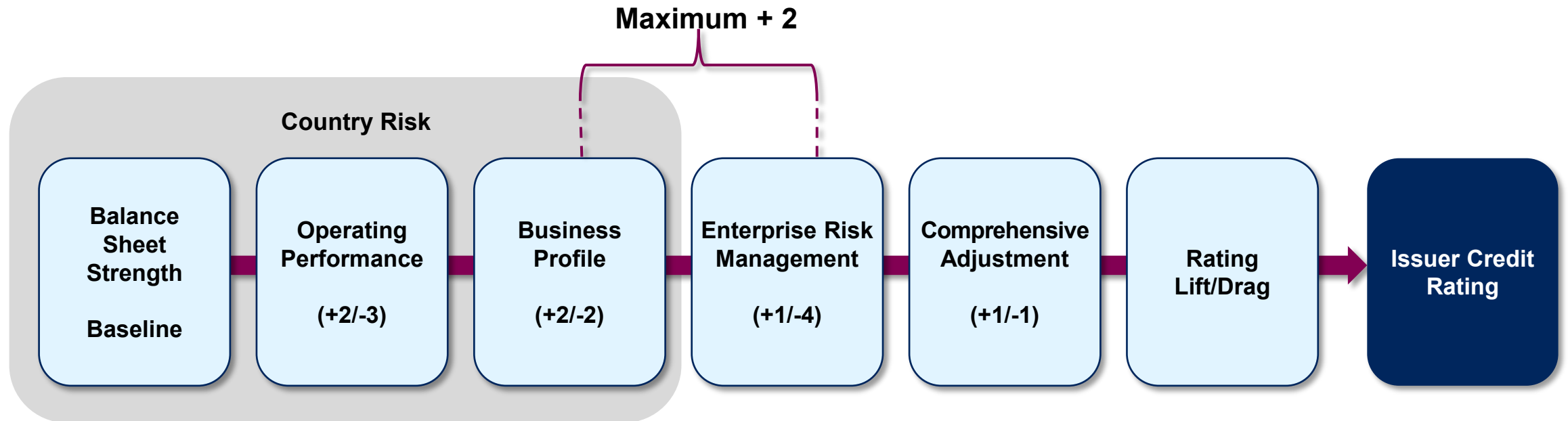
Life revenue

- Mandatory recognition of onerous contracts – loss making contracts can no longer be hidden by profitable business
- Life revenue recognition – provides a more meaningful indication of performance

Impact on AM Best's Rating Analysis



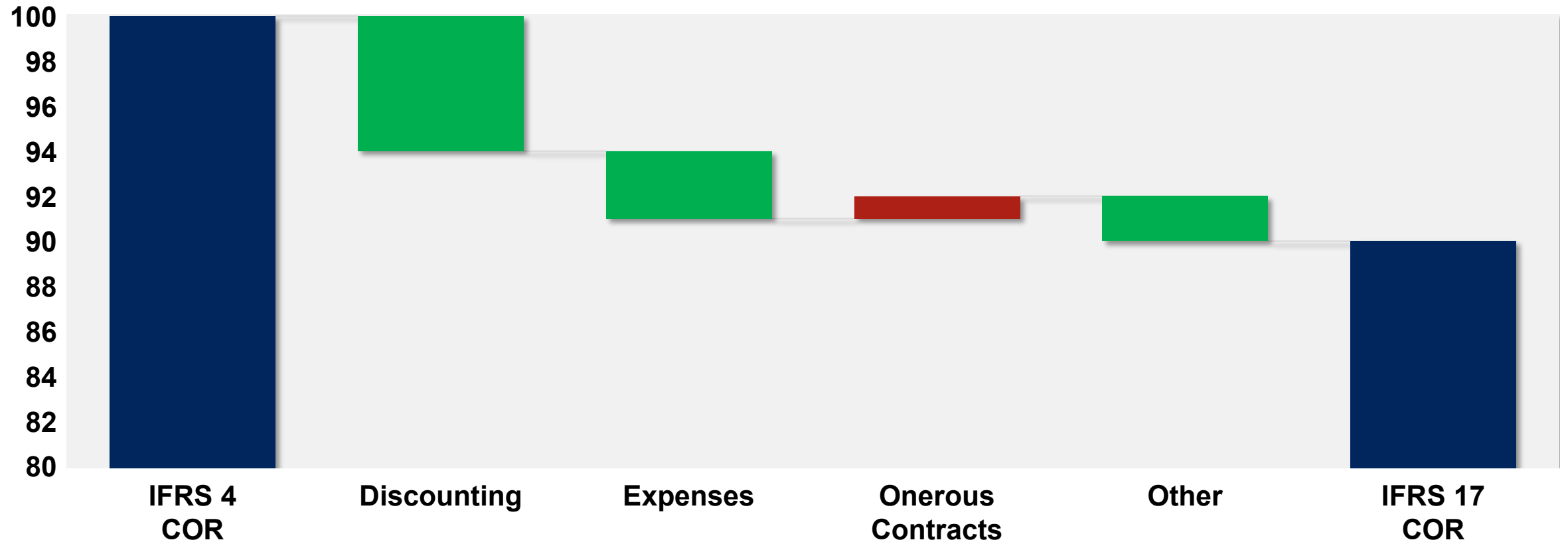
Impact on AM Best's Rating Analysis



- AM Best uses a building block approach to assess a (re)insurer's financial strength
- AM Best already rates (re)insurers who report under a variety of standards and audited financial statements are a key input to the rating process
- Changes in reporting do not mean changes in financial strength. The rating process should be agnostic to accounting standards
- However, new presentation of the underlying information can lead to new insights and new challenges in financial strength analysis

Similar But Different Performance Metrics

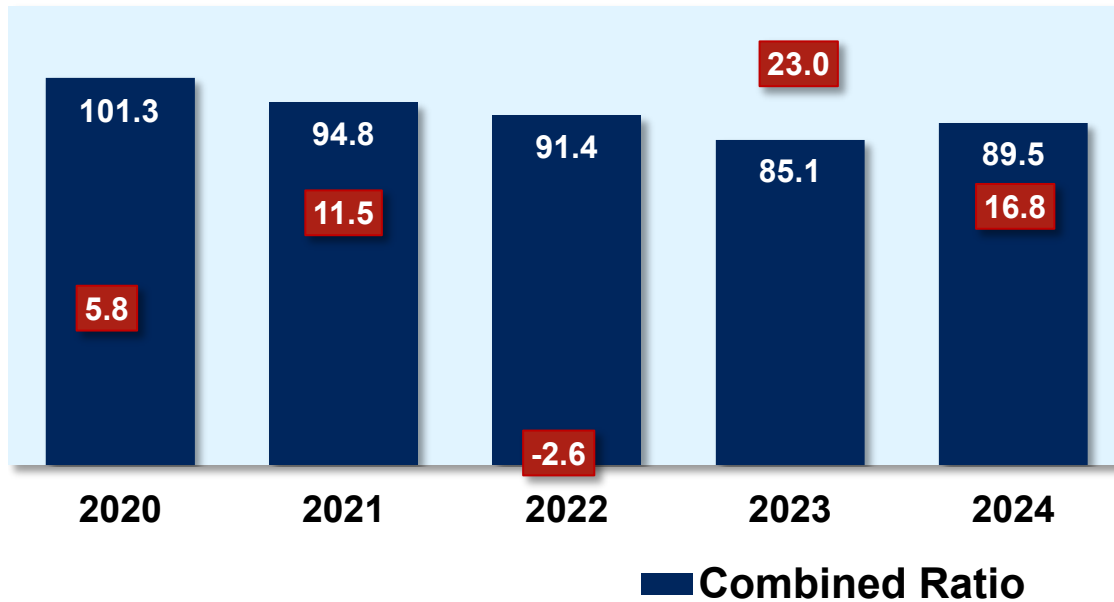
Favourable Movements in Combined Ratio



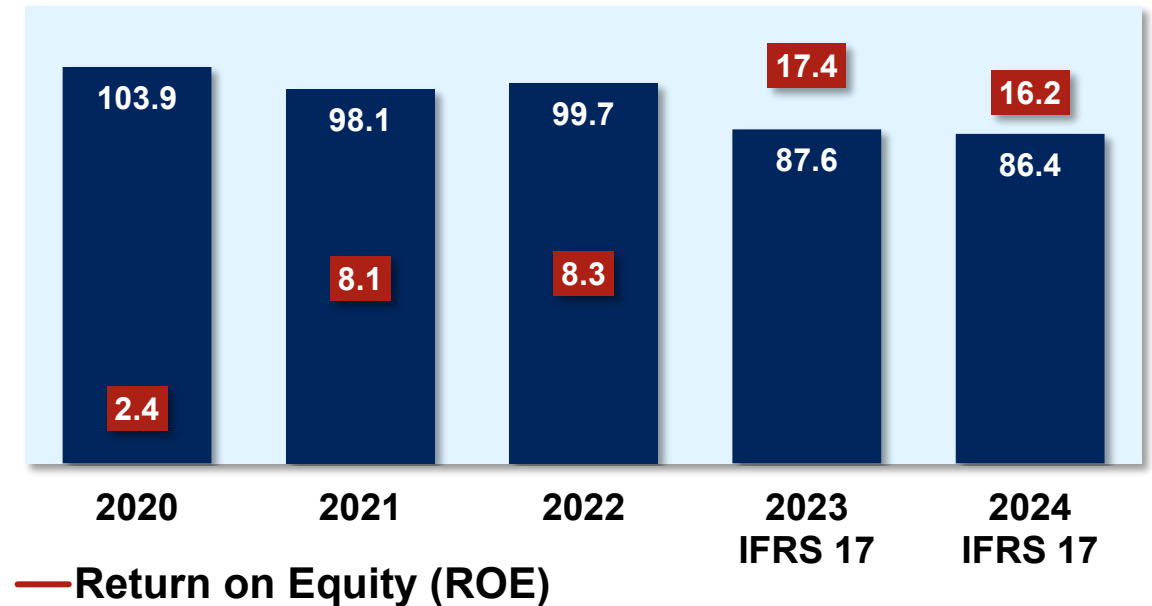
Spotlight on Reinsurers

Segment Comparison

US & Bermuda Reinsurers



European “Big Four” Reinsurers



Discount Effect of 6-9% Points*

Notes: US & Bermuda Reinsurers: ARCH, Gen Re, Everest, Ren Re, Transatlantic Re, Odyssey Re, Partner Re. European “Big Four” Reinsurers includes: Munich Re, SCOR, Hannover Re and Swiss Re.

* As reported in investor presentations for 2024 and projected for 2025

Similar But Different Performance Metrics

Return on Equity (ROE)

- Reported IFRS equity has (typically) declined for (re)insurers with significant life books
- ROE typically better for life IFRS 17 reporters
- Life revenues are recognised through the life of the contract with future value instead recognised in the contractual service margin (CSM)

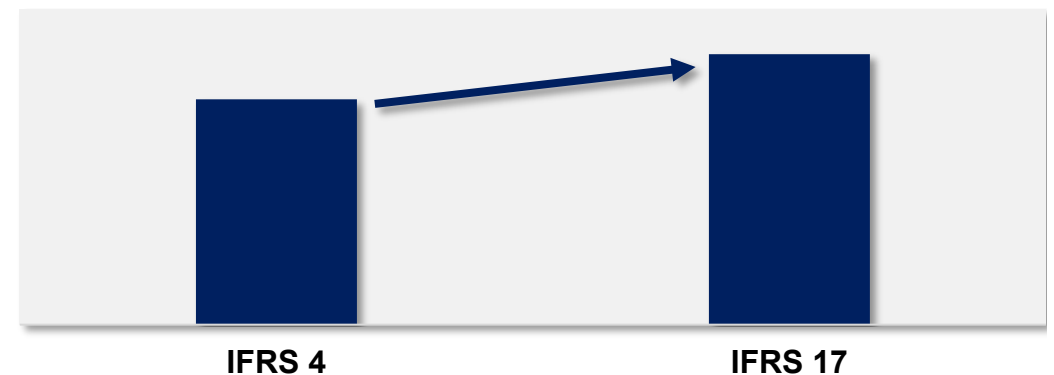
Release of margin of prudence and creation of risk adjustment (RA)

Creation of life CSM

Changes in discount rates

Accounting factors depending on book of business (e.g. guarantees)

Return on Equity (Income/IFRS Equity)



IFRS 17 Impact on Rating Analysis – Treatments in BCAR

Life Contractual Service Margin (CSM)

Life Net Risk adjustment (RA)

No impact on required capital

Partial Equity credit in available capital

$$\text{BCAR} = \frac{(\text{Available Capital} - \text{Net Required Capital})}{\text{Available Capital}} \times 100$$

Life net CSM

Life Net Risk Adjustment



Equity Credit in BCAR Available Capital



Net EV LtB*

* Net economic value due to long-term business

IFRS 17 Impact on Rating Analysis – Treatments in BCAR

Non-life reserving

Reported reserves are discounted to their present value recognising the time value of money and adjusted for AM Best's view of any reserve deficiency

Adjustments to discount factors may be appropriate. For example, if a rating unit's payout pattern is materially different from the industry payout pattern

Other discount rates may be used when AM Best's long-term view of the risk-free rate for the jurisdiction the rating unit operates in differs materially from 4%

IFRS 17 Impact on Rating Analysis – Treatments in BCAR

Pricing risk

Net insurance services revenue (net ISR) replaces non-life net written premium (NWP) on the financial statements

Present value of cash inflows for GMM/VFA life business replaces life NWP on the financial statements

Adjustments to net ISR may be necessary to derive appropriate base for charging pricing risk. For example:

Seasonality

Non-contingent commissions

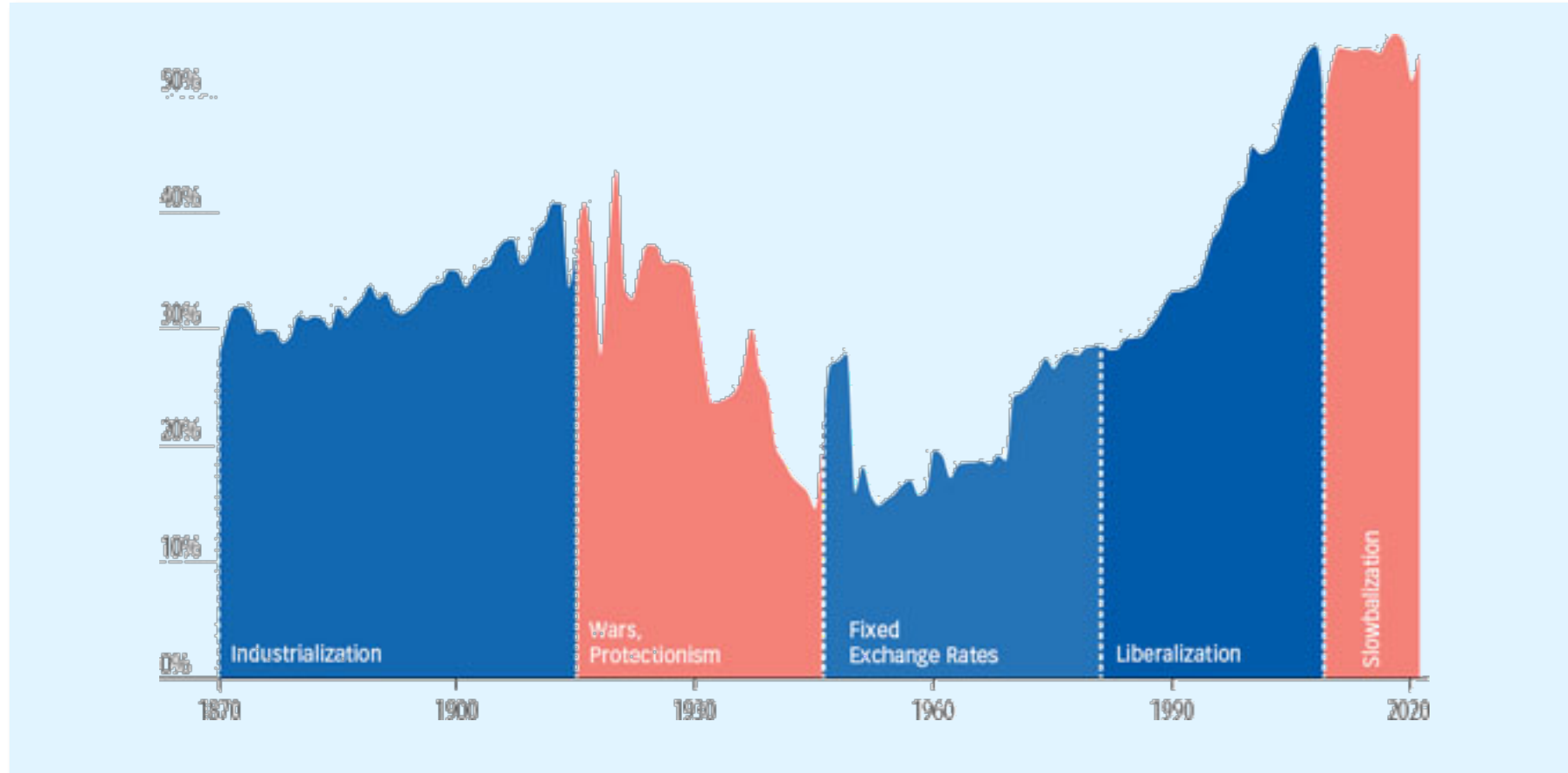
Q&A

Globalisation vs. Protectionism

Romeo Berti
Senior Financial Analyst, London

Where are we in the Global Cycle?

Sum of exports and imports as a share of GDP



Trade Organisations – Foster Trade and Set Rules



Single Market Crisis – Formation of Offshore Centres



Diversification Important to Industry

Many markets were serviced by local insurers

Concentrated market profile – vulnerability of capital strength

Catastrophe events were a concern for the industry – even more so today

Fostered formation of offshore centres to assume risk

Government as a back-stop



Protectionism in the (Insurance) Market

Market Access Restrictions

- Limit on licenses granted
- Capping foreign ownership
- Restricting LoBs offered from foreign insurers
- Trade tariffs

Regulatory Barriers

- Local incorporation requirements
- High capital or solvency requirements
- Investment restrictions
- Complex approval process

Operational Constraints

- Mandatory use of domestic RI
- Controls on profit repatriation
- Data localisation rules

=> Fragmentation => Risk Concentration => Higher Cost of doing Business

International Trade for the Insurance Industry

Opportunities

Growth, diversification and ease of access to business

Regulatory equivalence – level playing field

Service conglomerates; cross border products

Expand product offering; cater for demand

Embrace digital transformation and technology

Movement of people

Global research and development

Challenges

Increased competition

Navigating regulation

Non-standard terms; interpretation of policy wording

Understanding a country's need

Social engineering

Shortage of talent

Access to data

Key Global Risks

Interconnectivity of Risks 2026



Market Environment –
increasingly interconnected between risk categories, with a higher degree of contagion

Relative Influences – Edges

- High
- Medium
- Low

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

Risk Influence – Nodes

- High
- Medium
- Low

Recent Events

Thousands in UK sue Johnson & Johnson over talcum powder cancer risks

Marks & Spencer Breach:
How A Ransomware Attack Crippled a UK Retail Giant
blackfog.com

CrowdStrike IT outage affected 8.5 million Windows devices, Microsoft

Heathrow Power Outage Sparks Scrutiny Over Resilience and Response

UK's Jaguar Land Rover cyberattack shutdown to hit four weeks

Source: Reuters
\$10 Billion PFAS Water Contamination Settlement Reached To Resolve Claims Brought by U.S. Cities

The first trial involving a Florida city has been delayed following reports of the potential PFAS water contamination settlement agreement.



June 05, 2023 By: Irvin Jackson Add Your Comments

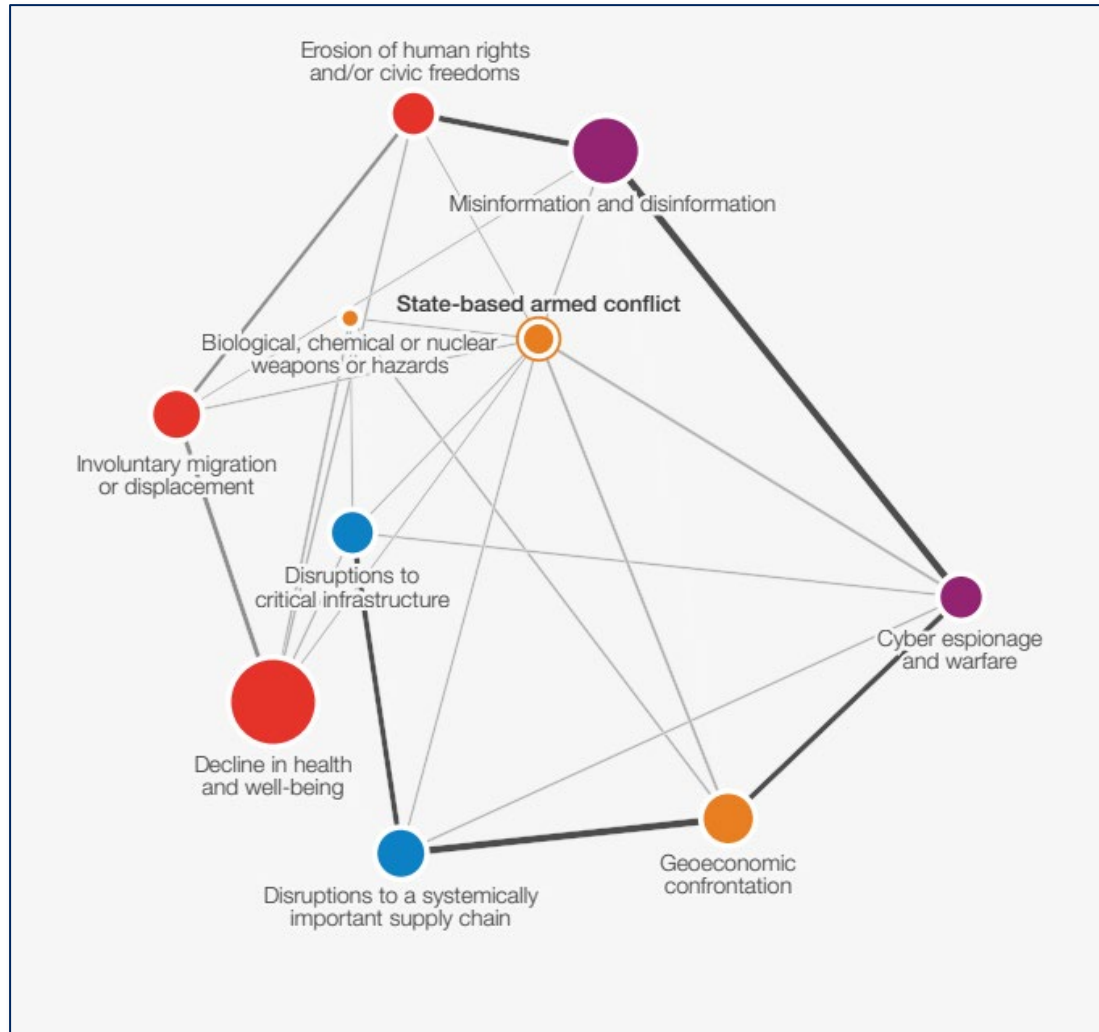
'Just the start': The growing legal battle over PFAS in Europe

Companies in the USA that produce or use PFAS substances are losing a lot of money in court. In Europe, some major cases are already under way – and we can expect many more.

Amazon apologises to customers impacted by huge AWS outage

Power outage in Spain and Portugal 'first known blackout caused by excessive voltage'

Political Landscape



Relative Influences – Edges

- High
- Medium
- Low

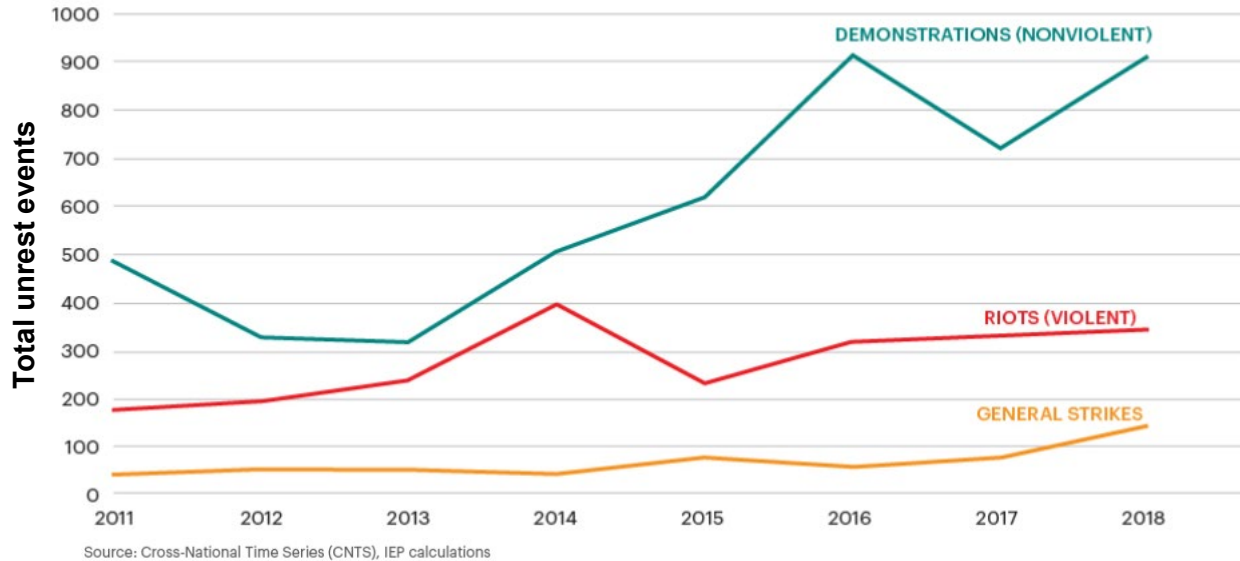
Risk Influence – Nodes

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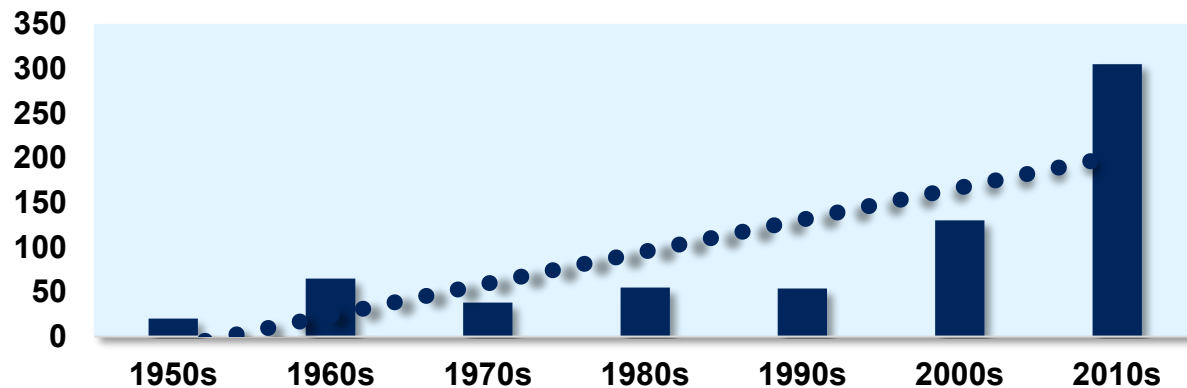
- Economic
- Environmental
- Geopolitical
- Societal
- Technological

Geopolitical Tensions

Global Trends in Civil Unrest, 2011-2018



Number of Riots



Regional Tensions – Potential to Destabilise World Economies

Regional conflict can create shocks to global financial systems

Disruption to key commodities, such as energy and food production – cost of living

Spikes in inflation; currency depreciation

Supply chain disruptions

Increased cost of living

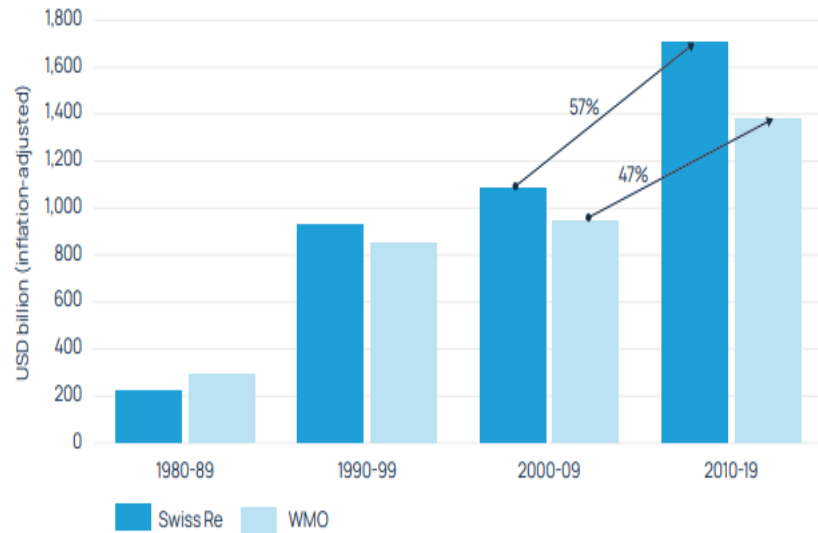
Government back-stop?



Climate Risk

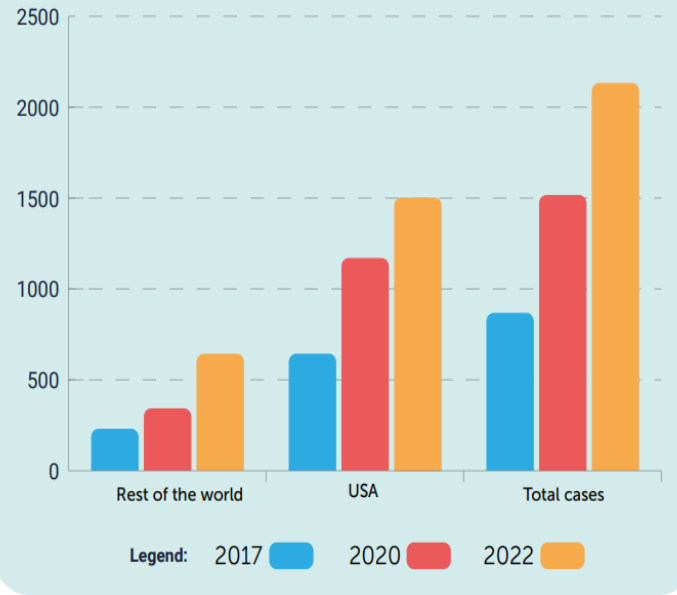
Increased Frequency and Severity of Weather-Related Events

Figure 16: Economic losses worldwide for weather events - 1980 to 2019
(Source: World Meteorological Organization, Swiss Re, HX Analytics)



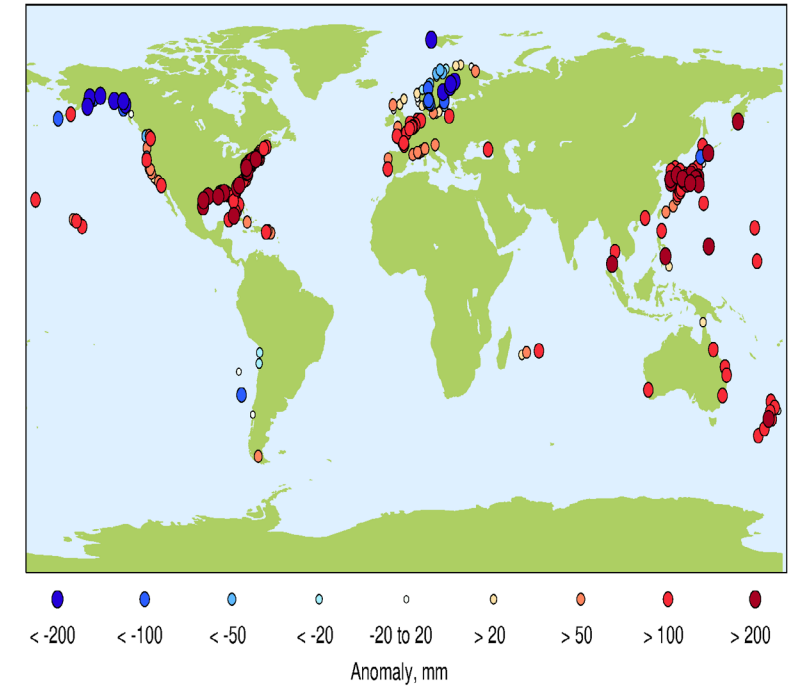
Climate Change Litigation

Growth of climate change litigation as represented in the 2017, 2020 and 2023 Litigation Reports



Changing Sea Levels – Social Migration

Level for 2021 relative to 1960-1990



Change in Regulation

Impact on Agriculture

Loss of Biodiversity

Resistance to Infectious Disease

Short Term

Long Term



Other Challenges...

Emerging Liability Risks

Social inflation themes increasing in non-US markets

PFAS case filings on the rise

Climate litigation cases also on the rise

Legal & Social Changes

Transmission of content faster within targeted groups

Focus on environmental, social and political issues

Digitalisation / AI

Changing operating landscape, bringing interconnectivity of risks

Technology creates process efficiencies, but can be used by bad actors

Energy consumption – greater risk from blackouts

Scientific Advancements

New scientific breakthroughs; longer term impact unknown

Cyber

Increasing trend of cyber threats in a digital world

Complexity of cyber attacks far reaching; across industry, sectors and financial systems

Higher threat of blackouts, downtime and litigation

Non-standard Currencies

Digital currencies, carbon credits, tokens

Final Remarks

Challenges Ahead

Climate Risk

Cyber Risk

Political Conflicts

Litigation

Regulatory Risk

Digitalisation – AI

Cost of Doing Business



Frequency and Severity of Events –
Likely to increase

Macro-Economic Environment –
Remains uncertain and volatile

Main Takeaway – Enterprise Risk Management is Key

Uncertainty Remains

Increased frequency and severity of events; higher levels of contagion and interconnectedness

Strong Balance Sheets

Shown resilience to market events, but needs absorb current and unforeseen events

Insurance Industry has Shown Resilience to Market Events

Effective and adaptable ERM remains key to manage unknown events

Uncertainty and Volatility also

Create opportunities

Q&A

The Global Reinsurance Market: Perspectives and Outlook

Eli Sanchez
Director, Analytics – Amsterdam

Reinsurance Market Highlights

Reinsurance Market Highlights – Discussion Outline

Outlook – Stable –

Outlook revised to Stable in January 2026

Robust Operating Results –

Despite Heightened Cat Activity, Casualty Challenges

Available Capital –

Internal Capital Generation, ILS Growth Continues

Looking Ahead –

Challenges and Opportunities

**Market Segment Outlook:
Global Reinsurance
– Revised to Stable**

Global Reinsurance Outlook Revised to Stable from Positive – Headwinds



Accelerated softening in property reinsurance pricing, accompanied by modest relaxation of some terms and conditions



Persistent social inflation and corresponding historical reserve and pricing insufficiency in certain large subclasses of casualty lines of business

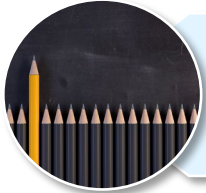


Continued elevated frequency and severity of weather-related events, underscored by six consecutive years of global insured catastrophe losses exceeding \$100B



Macroeconomic uncertainty, including inflation pressures, shifting monetary policy, and potential volatility in financial markets

Global Reinsurance Outlook Revised to Stable from Positive – Tailwinds



Terms & conditions and attachment points are largely intact.
Property pricing supports technical adequacy on average.



Reinsurers' risk-adjusted capital positions remain robust, bolstered by retained earnings and prudent capital deployment.



Limited new market entrants help preserve rate integrity and prevent new capacity from eroding underwriting margins.



Elevated interest rates continue to amplify earnings, complementing underwriting results.

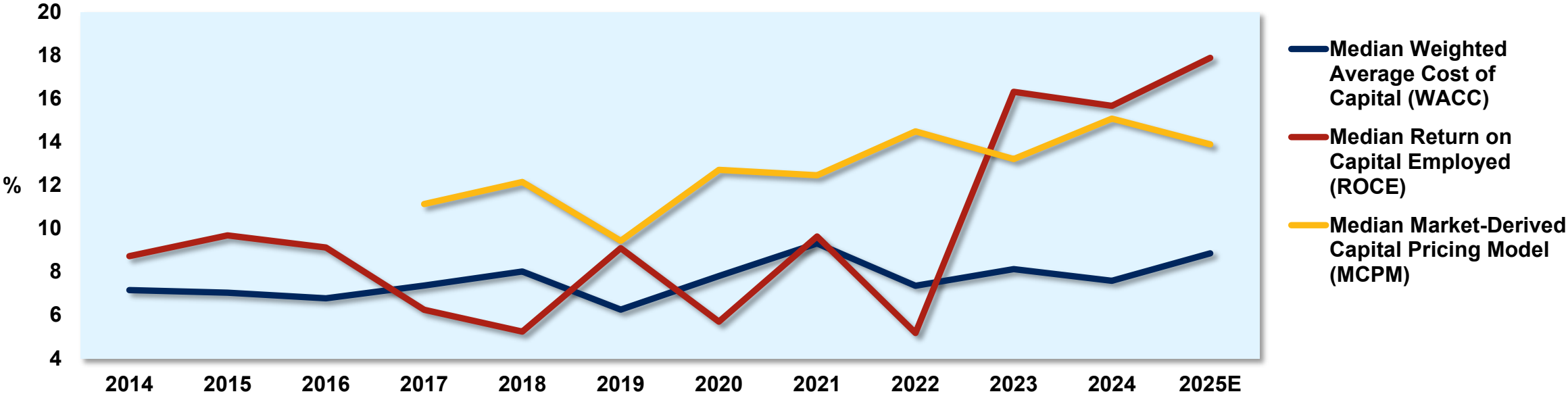


Life/Health reinsurance operations continue to act as a diversifying source of income and earnings.

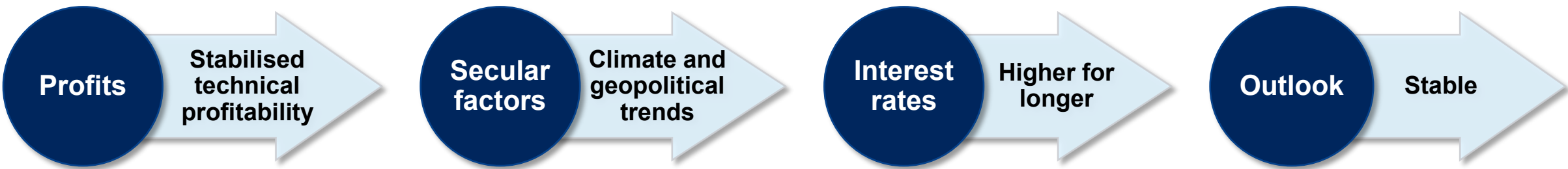


**Robust Operating Results –
Despite Heightened Cat Activity,
Casualty Challenges**

Returns Still Exceeding Cost Of Capital – Sustainable?

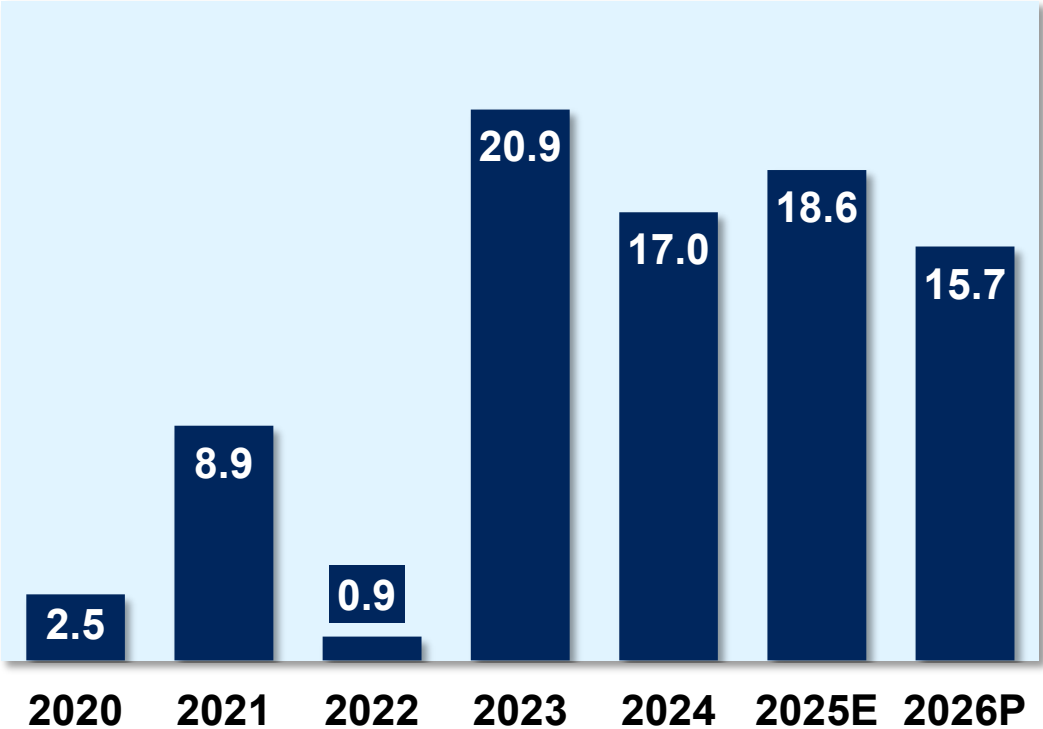


Reinsurers Meeting Cost of Capital

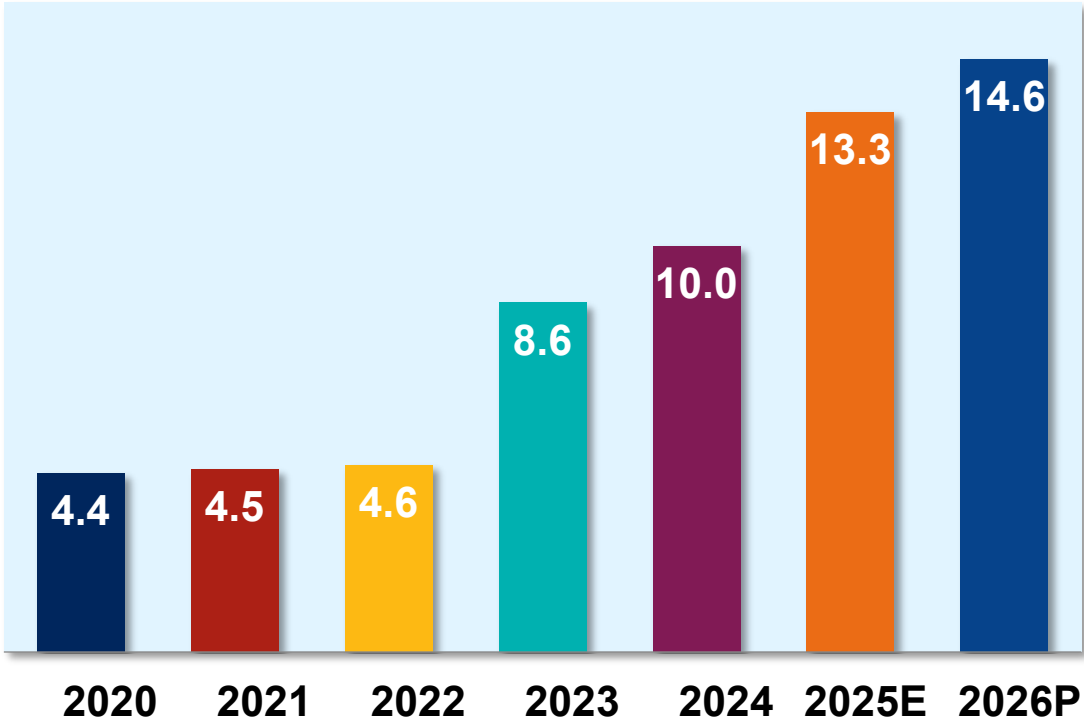


Dramatically Improved Performance Since Market Turned

Return on Equity (%)

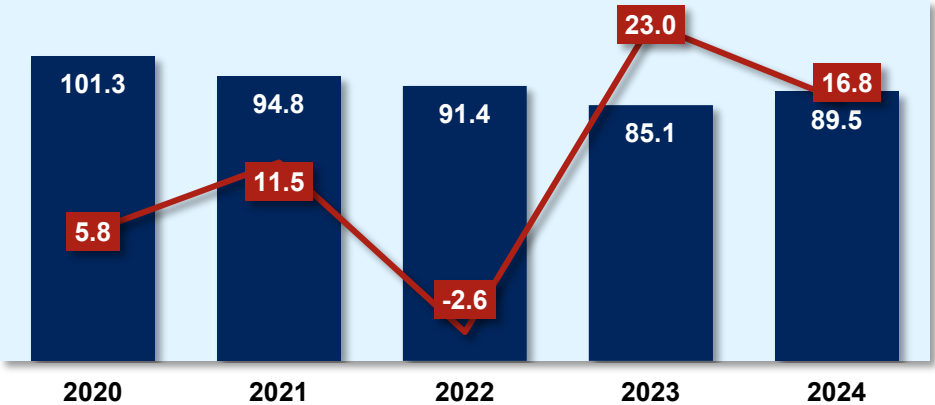


Global Reinsurance Market – Rolling Year-End Five-Year Average Return on Equity (%)

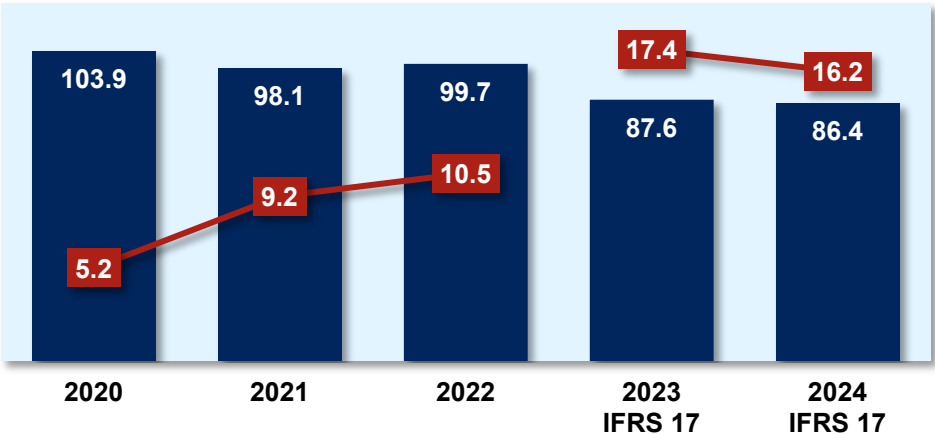


Global Reinsurance Market Performance by Reinsurance Sector

US & Bermuda



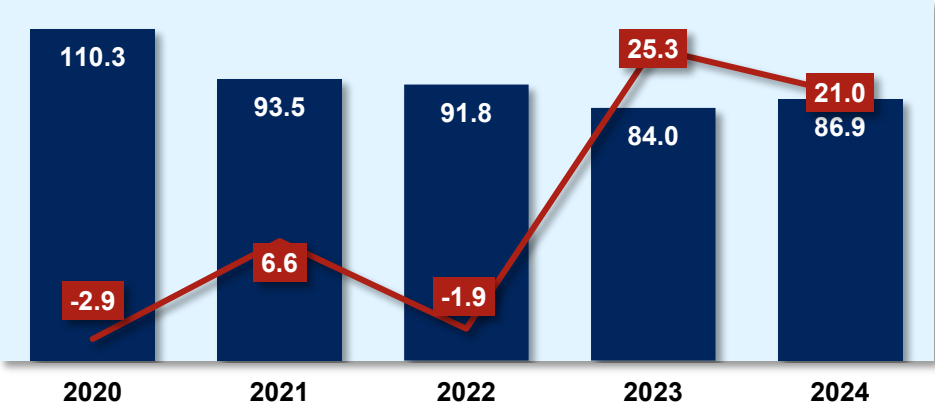
European "Big Four"



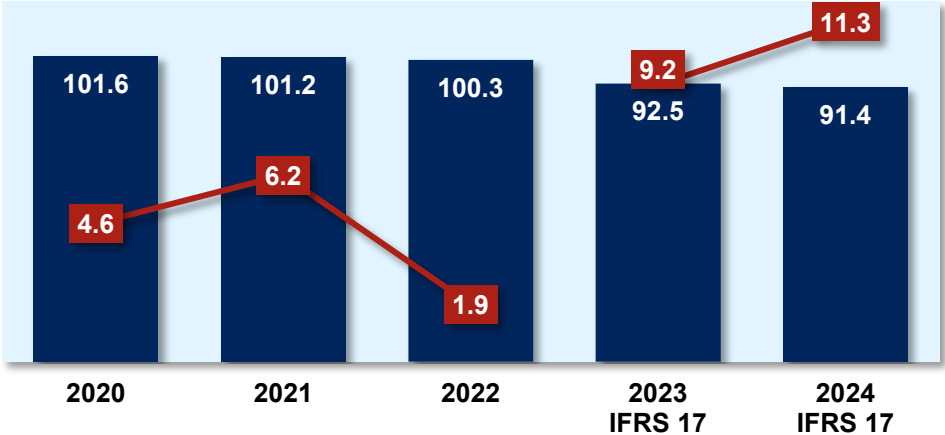
Combined Ratio

Return on Equity

Lloyd's



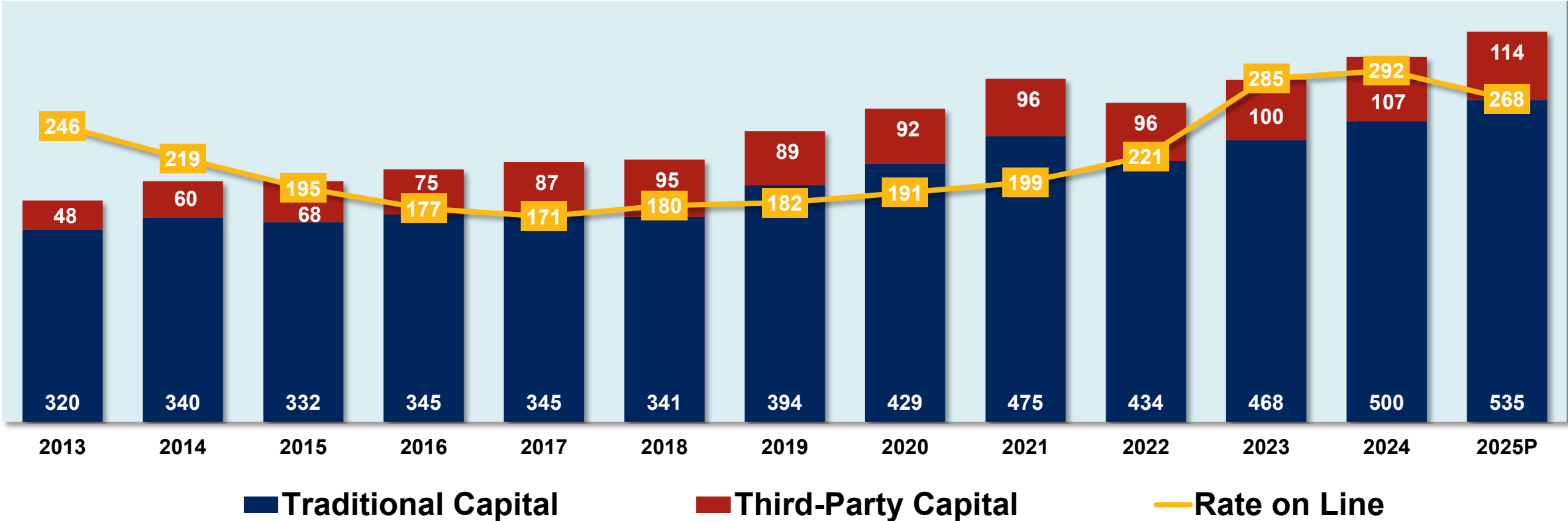
Asia Pacific



**Available Capital –
Internal Capital Generation,
ILS Growth Continues**

Global Reinsurance – Dedicated Capital

Estimated Dedicated Reinsurance Capital (USD billions)

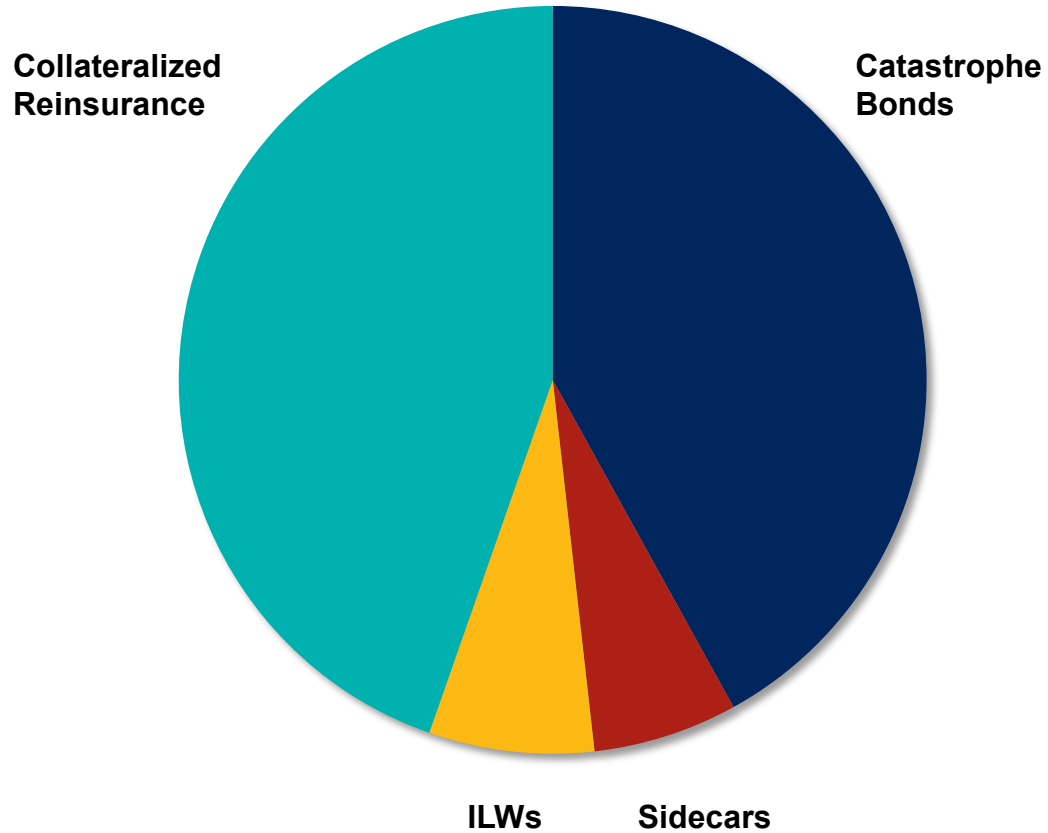


P: Projected.
Sources: AM Best data and research, Guy Carpenter

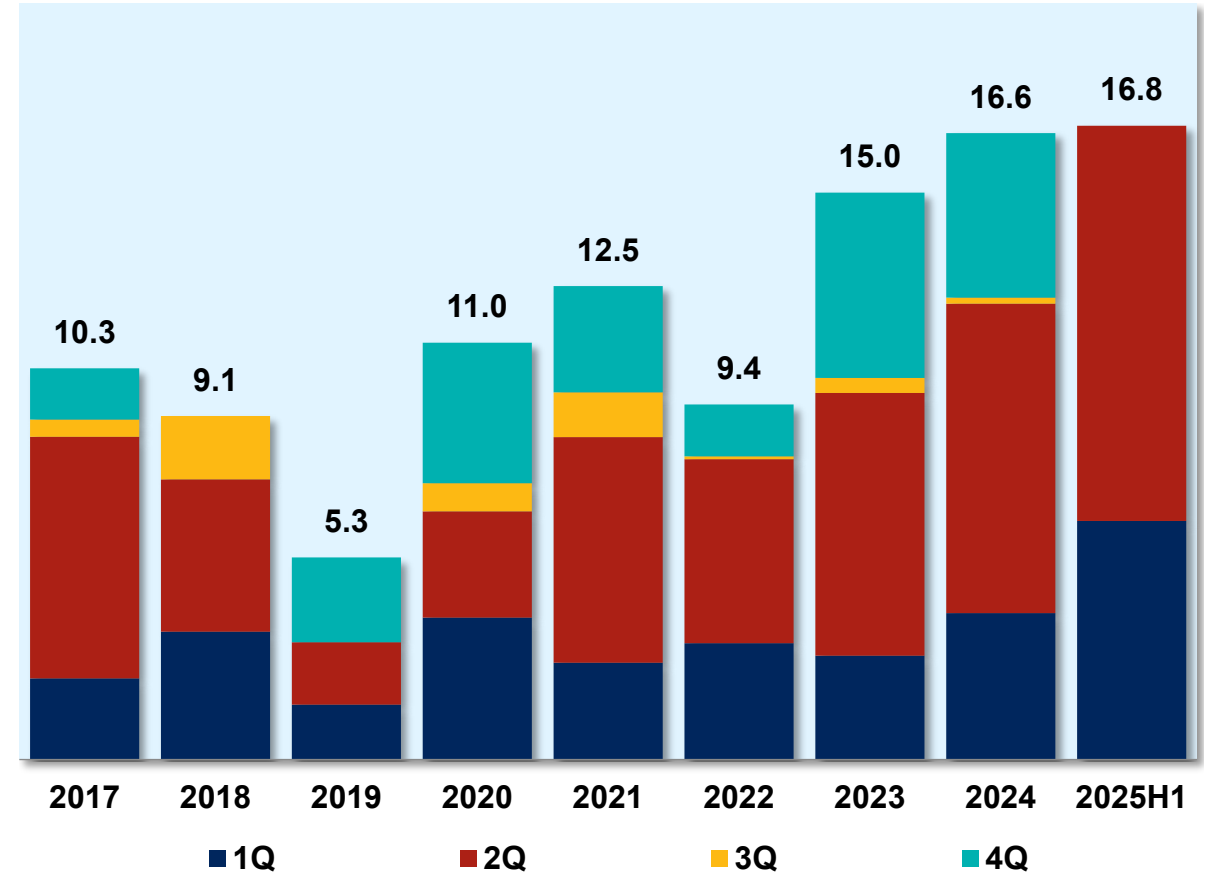


ILS Trends

**ILS Composition
(Approximated 2024)**

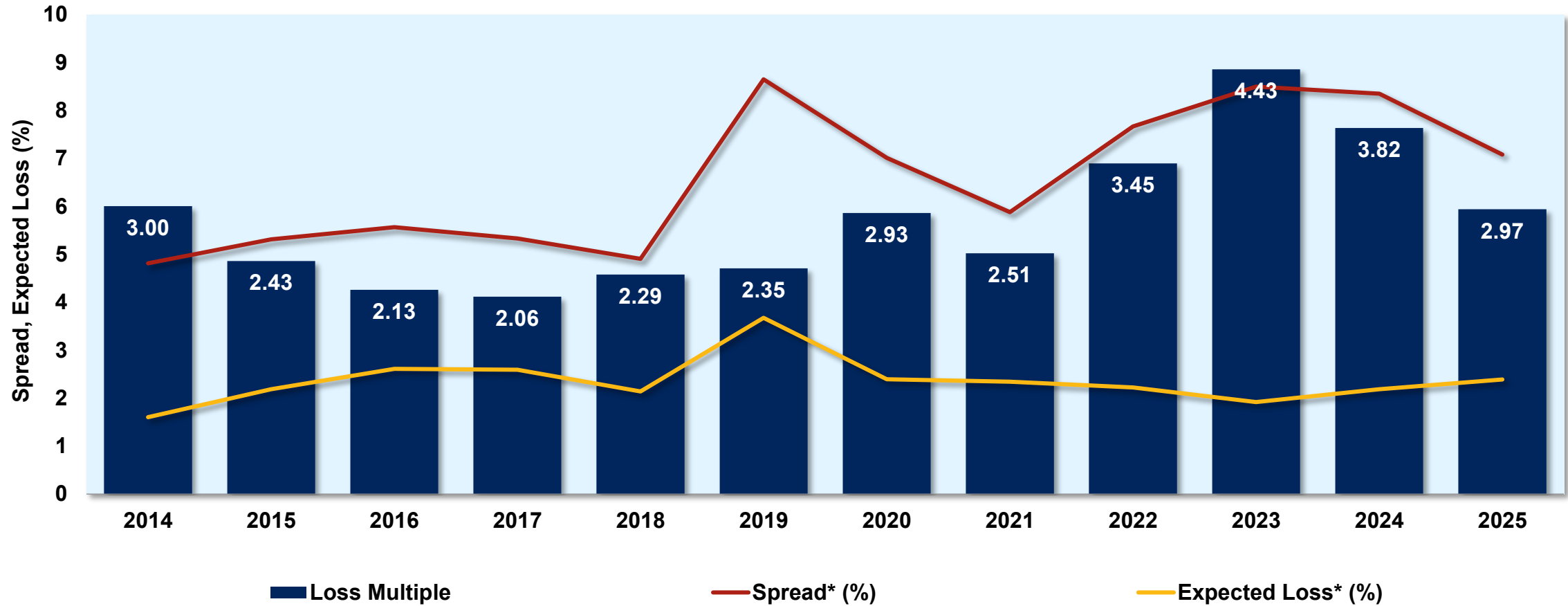


**144A Property Cat Bond Issuance by Quarter –
2017-2025 H1 (USD billions)**



ILS Trends

144a Property Catastrophe Bond Loss Multiples – 2014-2025
 Loss Multiple = Spread to Expected Loss



*Note: Spread and expected loss are dollar-weighted.
 Sources: Artemis, AM Best data and research



Looking Ahead – Challenges and Opportunities

Longer Term

Challenges

Casualty reserving

Macroeconomic and geopolitical risks

Climate change

Artificial Intelligence

Cyber risks

Private credit

Longer Term

Opportunities

Ongoing capital efficiency through capital markets

Addressing the protection gap

Changing demographics

Technology, Artificial Intelligence

Cyber and other 'new' markets

AM Best's Market Segment Outlook – Global Reinsurance

**What might
change our
outlook,
and when?**

Broad and significant rate reductions

Looser terms and conditions

Lower attachment points, into 'working layers'

Expected RoE over cost of capital margin

Combination of the above

AM Best's Key Themes

Reinsurers remain disciplined

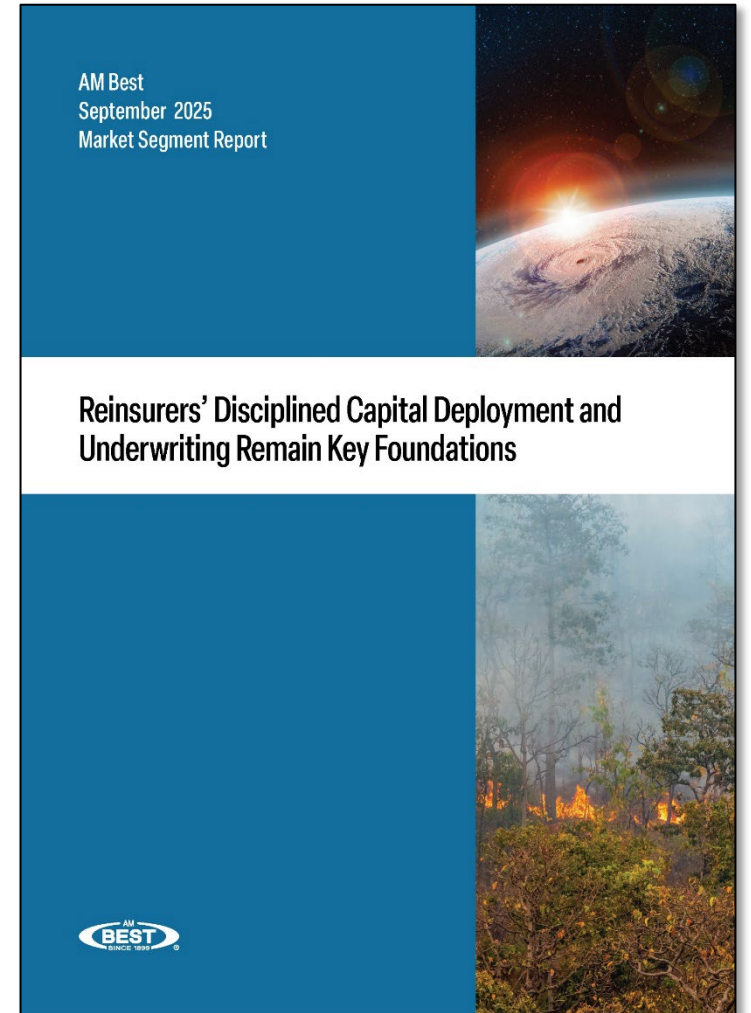
Payback to investors continues

Supply / demand equilibrium

Maintaining disciplined allocation

Stable outlook

Softening pricing but discipline for now



Q&A

AM BEST

Conferenza Italia di AM Best sul mercato assicurativo -
Milano

17 Giugno 2026

The Westin Palace, Milan