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The global life reinsurance outlook remains Stable, as the segment is dominated by highly rated, well-diversified companies with deep business relationships

Market Segment Outlook: Global Life Reinsurance

AM Best is maintaining its Stable outlook for the global life reinsurance segment, based on the following factors:

- The market remains highly concentrated in the foreseeable future with several highly rated, diversified, and well-capitalized global companies. These companies also have strong liquidity and risk-adjusted capital.
- Mortality has returned materially to pre-pandemic levels.
- Developments that temper these positive factors by introducing financial uncertainty include proliferation of offshore reinsurance and the potential for economic disruption from the development of artificial intelligence.

Globally Concentrated; Established Companies

The global life reinsurance market remains a concentrated segment with a handful of global companies holding a significant majority of market share. Long-term client relationships built over many years offer these companies a competitive advantage over any potential new entrants. Operating scale and the benefits of strong technical and risk management expertise support growth and reinforce the barriers to entry of the segment.

Life reinsurance accounts for a significant share of gross premiums written, with the United States being the largest geography. Most large life reinsurance carriers also diversify their business profile with non-life reinsurance, and have strong risk-adjusted capitalization and liquidity profiles.

Life reinsurers have long been viewed as business partners who offer services beyond biometric risk transfer solutions, such as balance sheet optimization and advanced analytics. These companies are well positioned to respond to industry trends such as aging populations and medical advancements.

Post-Pandemic Mortality

Excess mortality worldwide from COVID has declined to near pre-pandemic levels, with reported COVID deaths less than one-tenth of one percent of the highest rates experienced in 2021. COVID dropped out of the top ten causes of death in 2024 after being the tenth leading cause in 2023 and the fourth leading cause in 2022. Reinsurers have indicated comfort using mortality improvements in pricing assumptions.

Offshore Entrants

The number of offshore annuity reinsurers has increased in recent years, providing outlets for new sources of capital from a diverse array of asset managers. The focus has been on asset-intensive reinsurance and block transactions of legacy annuity books of business.

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The new entrants bring a variety of business models, management talent, capitalization and risk management capabilities and also bring an increased focus on the regulations that oversee these new formations.

GUIDE TO BEST’S MARKET SEGMENT OUTLOOKS

Our market segment outlooks examine the impact of current trends on companies operating in particular segments of the insurance industry over the next 12 months. Typical factors we would consider include current and forecast economic conditions; the regulatory environment and potential changes; emerging product developments; and competitive issues that could impact the success of these companies.

A Best’s Market Segment Outlook can be Positive, Negative, or Stable.

Best’s Market Segment Outlook

Positive	A Positive market segment outlook indicates that AM Best expects market trends to have a positive influence on companies operating in the market over the next 12 months. However, a Positive outlook for a particular market segment does not mean that the outlook for all the companies operating in that market segment will be Positive.
Negative	A Negative market segment outlook indicates that AM Best expects market trends to have a negative influence on companies operating in the market over the next 12 months. However, a Negative outlook for a particular market segment does not mean that the outlook for all the companies operating in that market segment will be Negative.
Stable	A Stable market segment outlook indicates that AM Best expects market trends to have a neutral influence on companies operating in that market segment over the next 12 months.

We update our market segment outlooks annually but may revisit them at any time during the year if regulatory, financial, or market conditions warrant.

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