



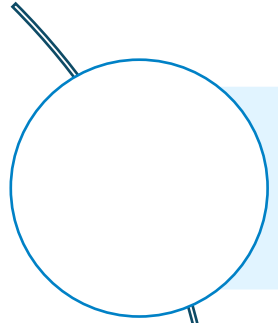
# **Welcome & State of the Insurance Industry**

**Andrea Keenan – Executive Vice President and Chief Strategy Officer, AM Best**

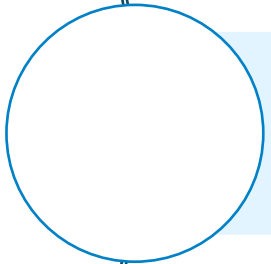
CIAB  
Friday, October 3<sup>rd</sup>, 2025

# Agenda

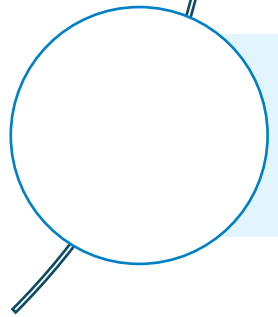
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**US Economic Overview**



**US Property/Casualty Insurance**

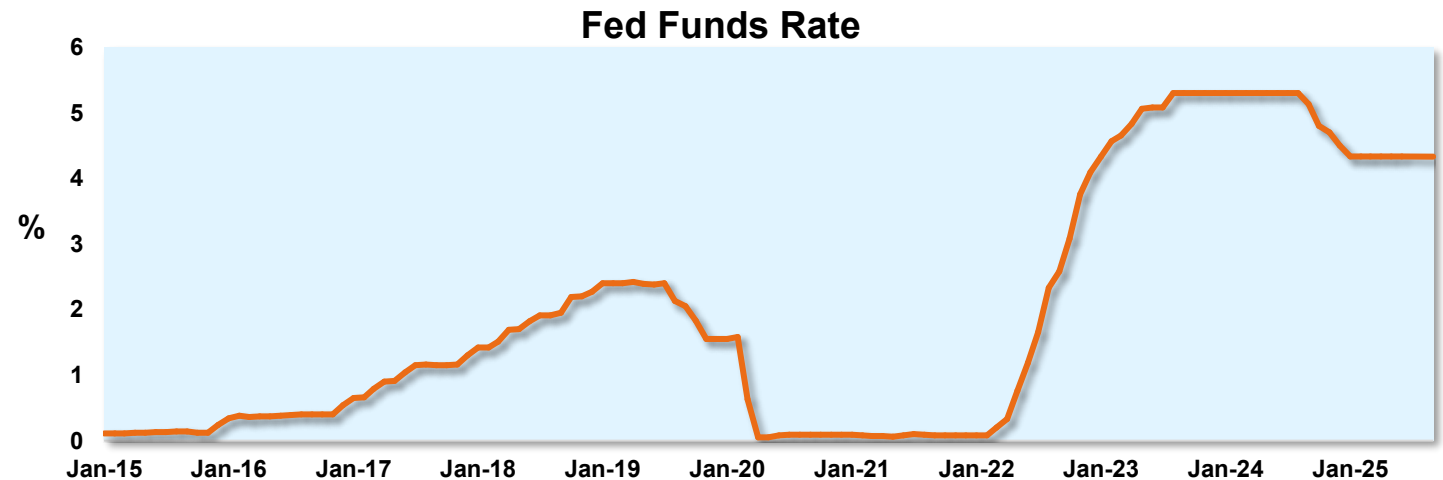
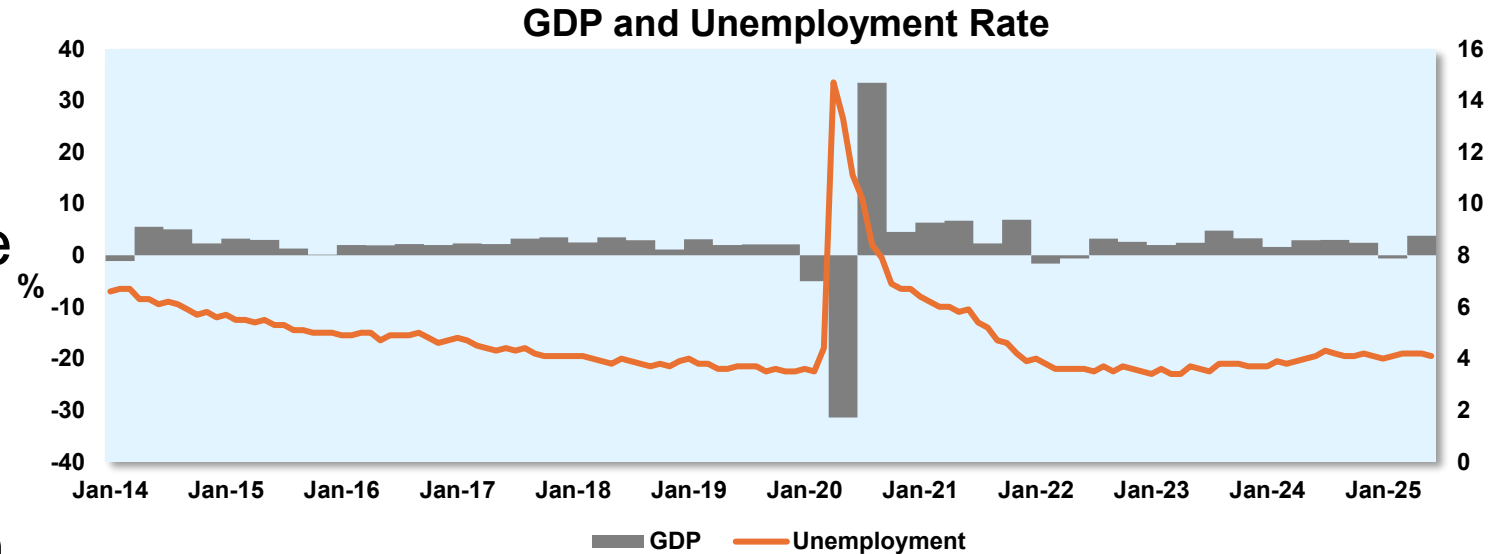


**Rating Trends**

# US Economic Overview

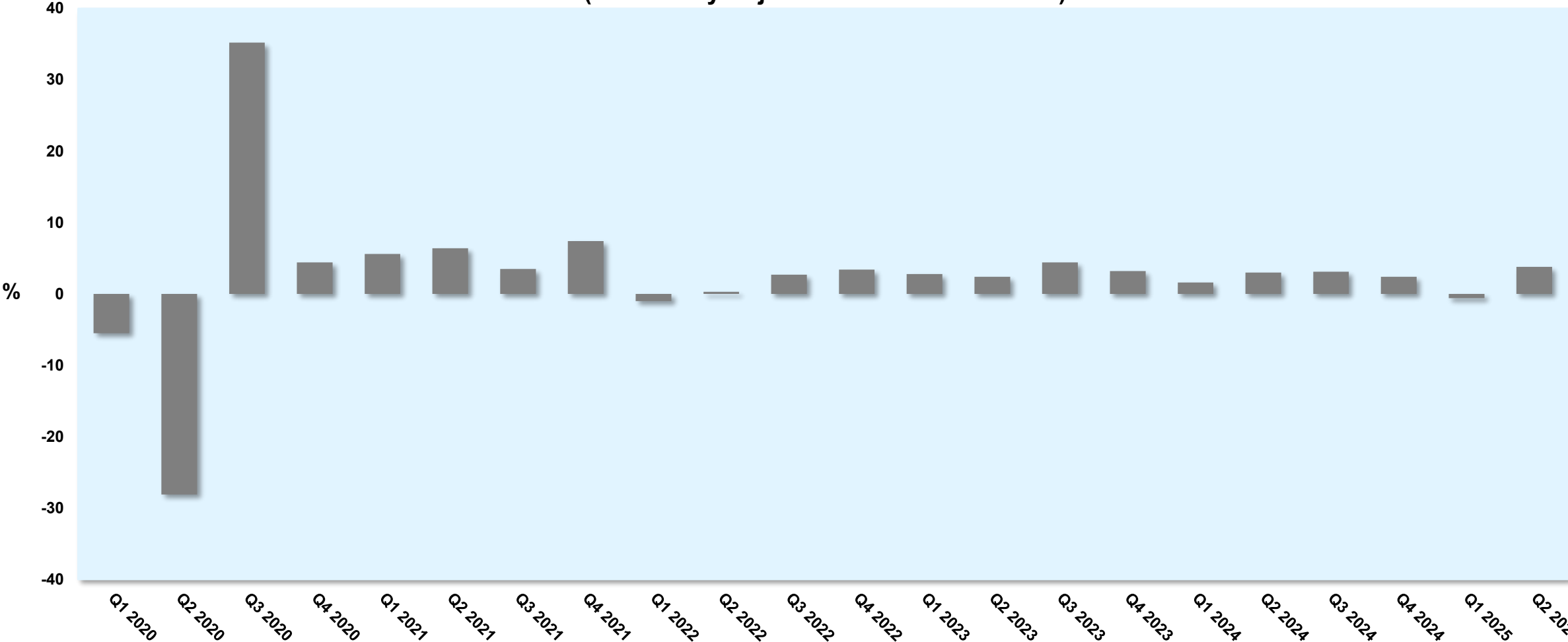
# Overview

- The US economy grew at an annualized rate of 3.8% in the second quarter, rebounding from the 0.6% contraction in the previous quarter.
- Trade policy remains fluid and uncertain. The effects of this uncertainty may hamper growth and may take some time to broadly materialize.
- The Federal Reserve made its first interest rate cut and signaled the possibility of two more cuts in 2025.

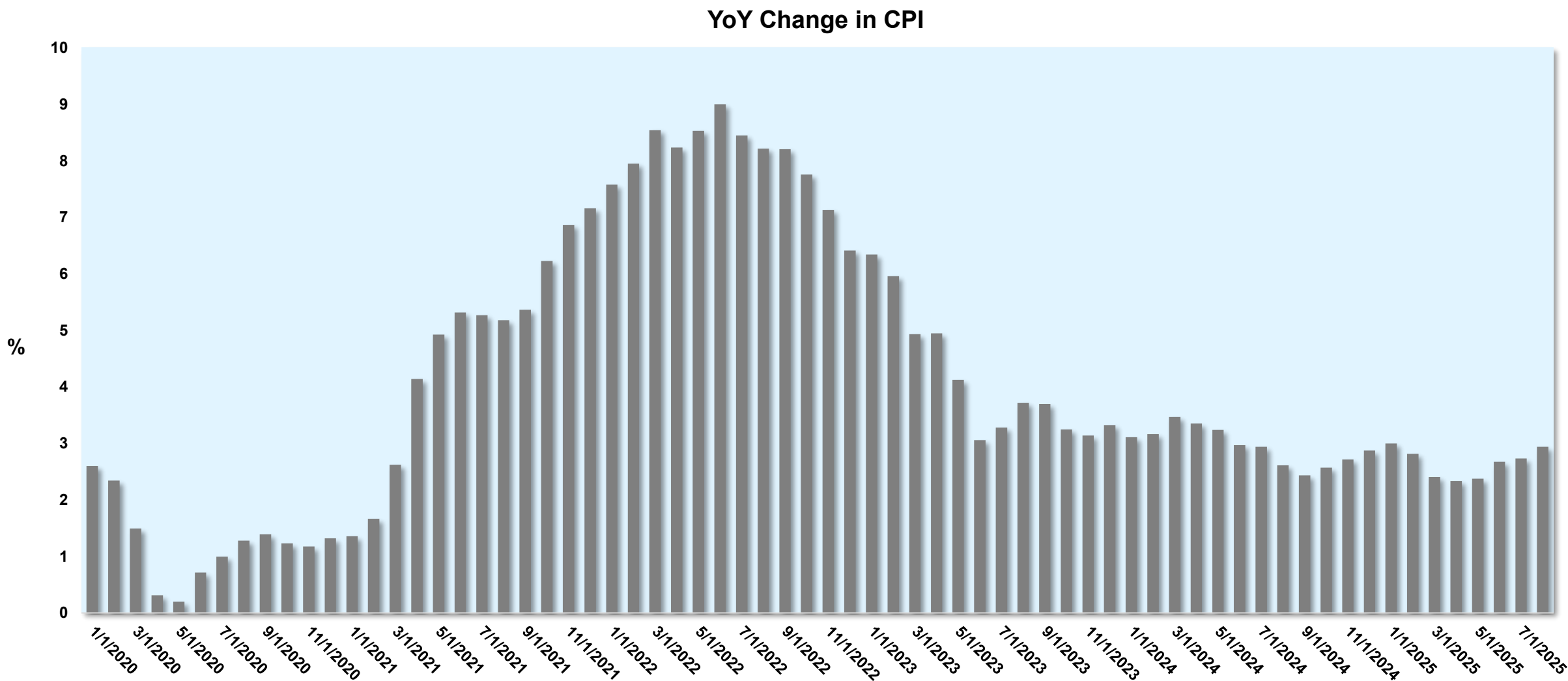


# US GDP

Quarterly GDP  
(Seasonally Adjusted at Annualized Rate)



# US Inflation



# US Property/Casualty Insurance

# Market Segment Outlooks

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- Outlooks consider:
  - Current and forecast economic conditions
  - Regulatory and legislative environment and potential changes
  - Line of business developments: rates, terms & conditions, loss development
  - Competitive issues
- Outlooks can be Positive, Negative or Stable
- Updated annually, but may be revisited at any time during the year
- Market segment outlooks are not directly correlated to rating outlooks

# US P/C Personal Lines: Market Segment Outlook

**AM Best revised the outlook on the US personal lines segment to Stable from Negative, based on the following factors:**

- Improved personal auto underwriting performance, driven by aggressive push for rate adequacy and more granular pricing segmentation
- More accommodating regulatory treatment of rate increases
- Accelerated adoption of technology
- Solid risk-adjusted capital with sufficient liquidity
- Rising investment yields, as lower-yielding bonds mature and are reinvested at higher rates
- Improving catastrophe risk management practices – refined risk appetites & underwriting guidelines

# Personal Lines Market Segment Outlook (continued)

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## Countering factors include the following:

- Ongoing volatility in reported results, particularly for the homeowners line of business
- Continued heightened severe weather activity
- Higher loss cost severity owing to macroeconomic inflation, including labor and materials as well as more expensive parts in newer, more sophisticated vehicles
- Macroeconomic uncertainty – potential impact of tariffs
- Elevated reinsurance costs and tightened terms and conditions; higher overall retentions and co-participations on property lines; driving higher net losses for primary companies

# US P/C Commercial Lines: Market Segment Outlook

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**AM Best is maintaining its Stable outlook for the US commercial lines segment, based on the following factors:**

- Pricing remains positive in aggregate, albeit moderating, with divergence across lines of business
- Segment carriers remain diligent on risk selection, terms & conditions, and capacity deployment, as evidenced by strong submission flow and growth in the E&S market
- Balance sheets, liquidity, and performance remain strong despite uncertainty about macroeconomic environment and social inflation
- Interest rates remaining higher for longer

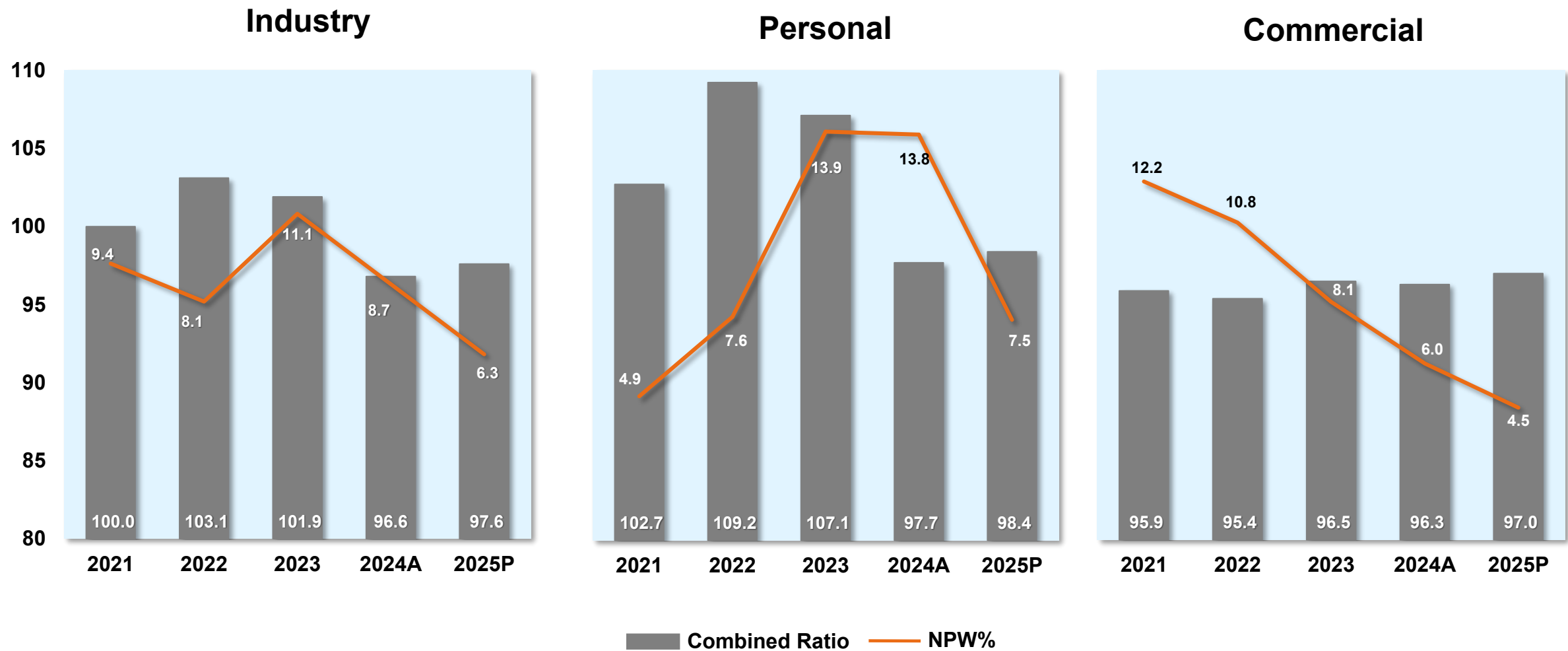
# Commercial Lines Market Segment Outlook (continued)

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## Countering factors include the following:

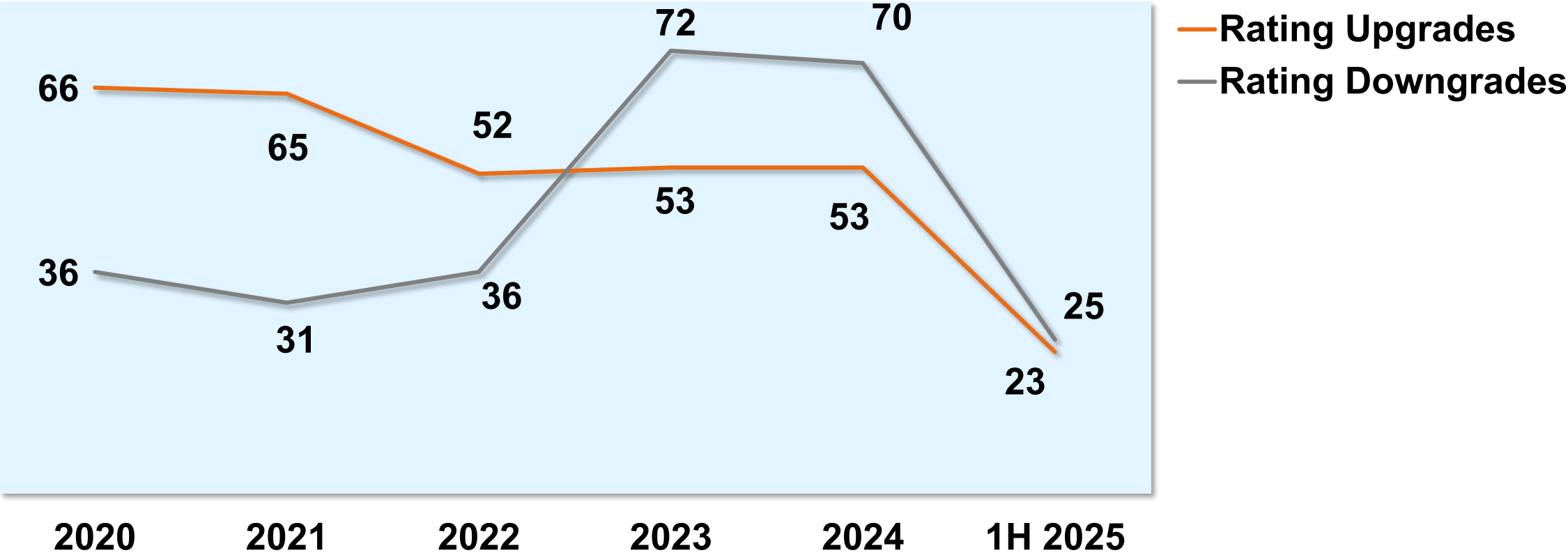
- Elevated casualty claims, reflecting the multi-year impact of social inflation, with adverse implications for underwriting and reserve margins
- Increase in frequency and severity of weather-related events remain a challenge for property lines, despite significant moderation in economic inflation
- Continued macroeconomic and geopolitical uncertainty

# NPW & Combined Ratio

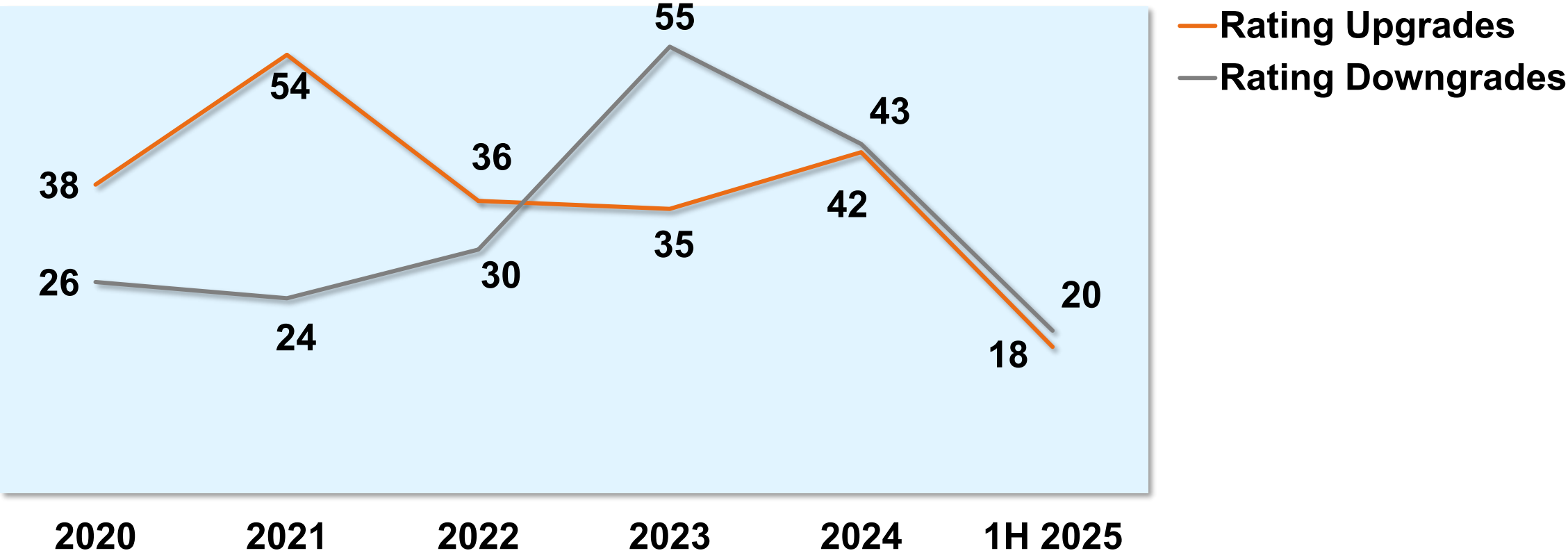


# Rating Trends

# Rating Trends: US

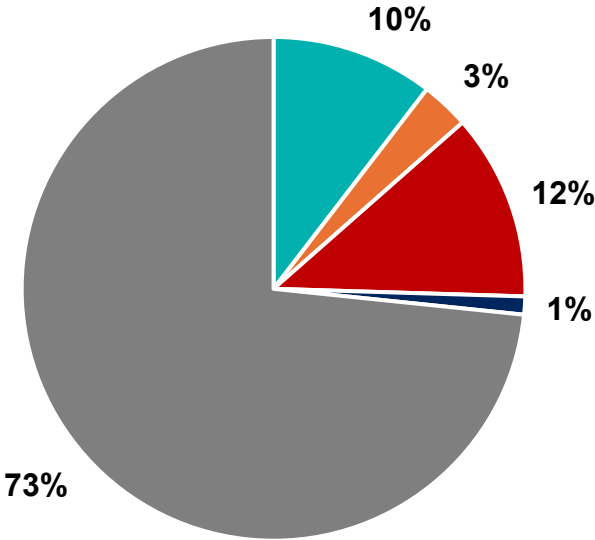


# Rating Trends: US Property/Casualty

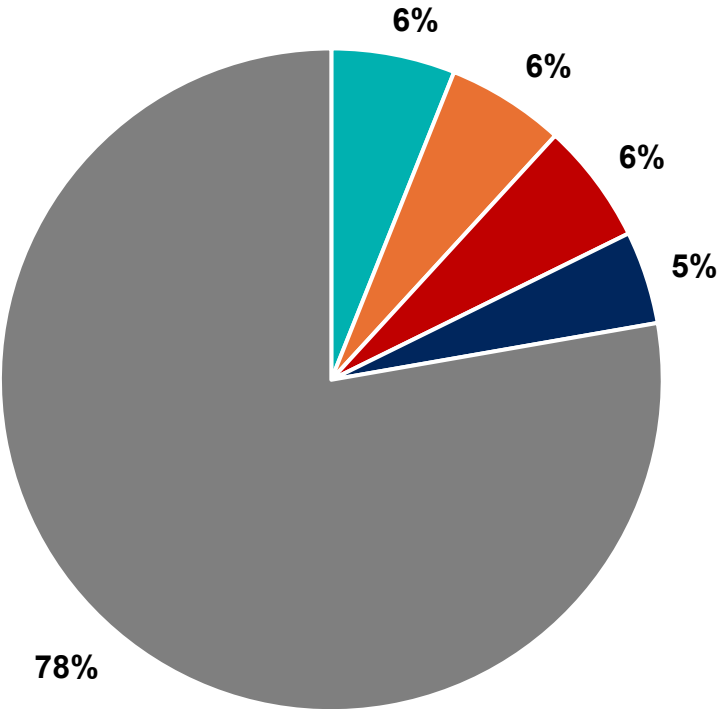


# 2024 Rating Activity

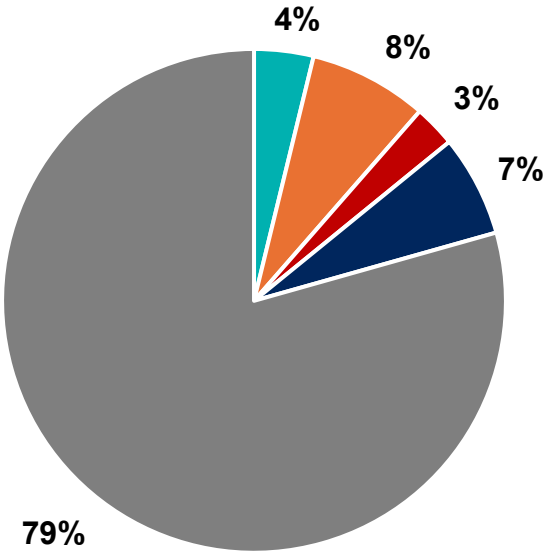
Personal Lines



Total Industry



Commercial Lines



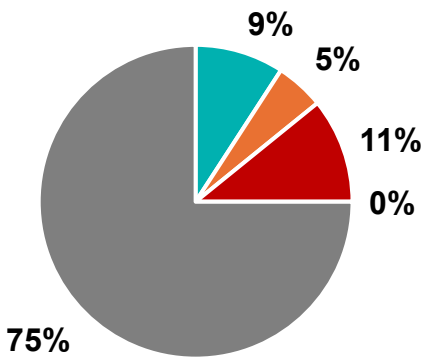
■ Under Review   ■ Upgrade   ■ Downgrade   ■ Initial   ■ Affirmation



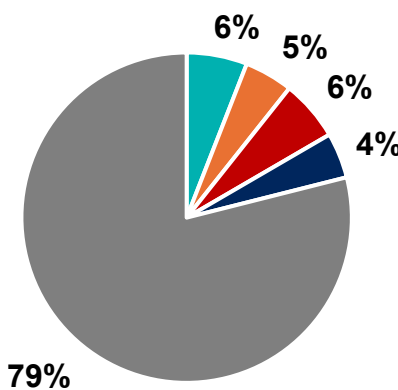
# First Half '24 vs. First Half '25

First Half '24

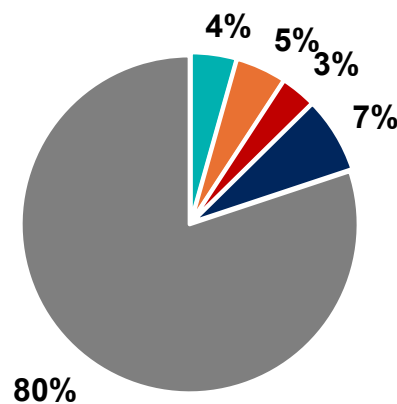
Personal Lines



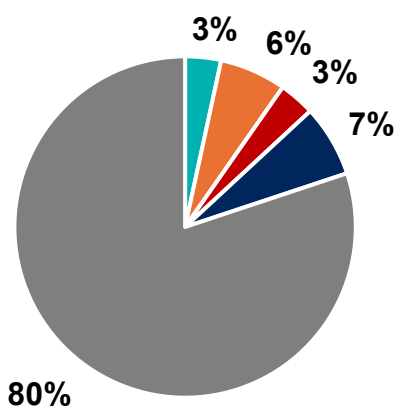
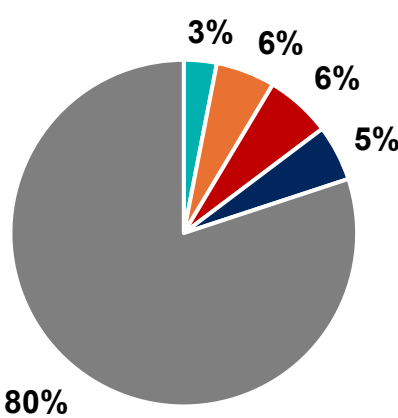
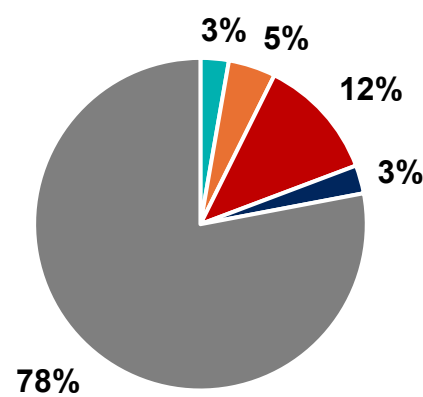
P/C



Commercial Lines



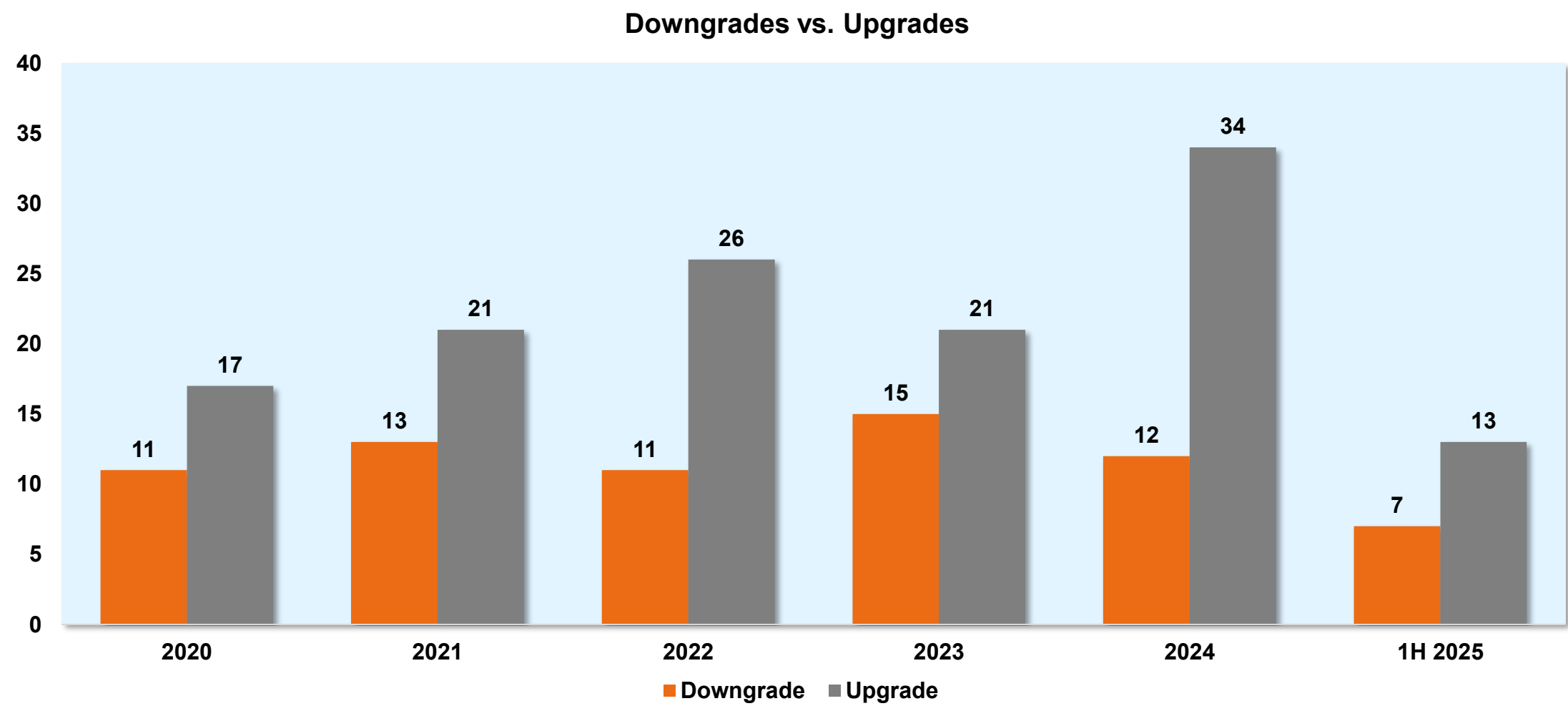
First Half '25



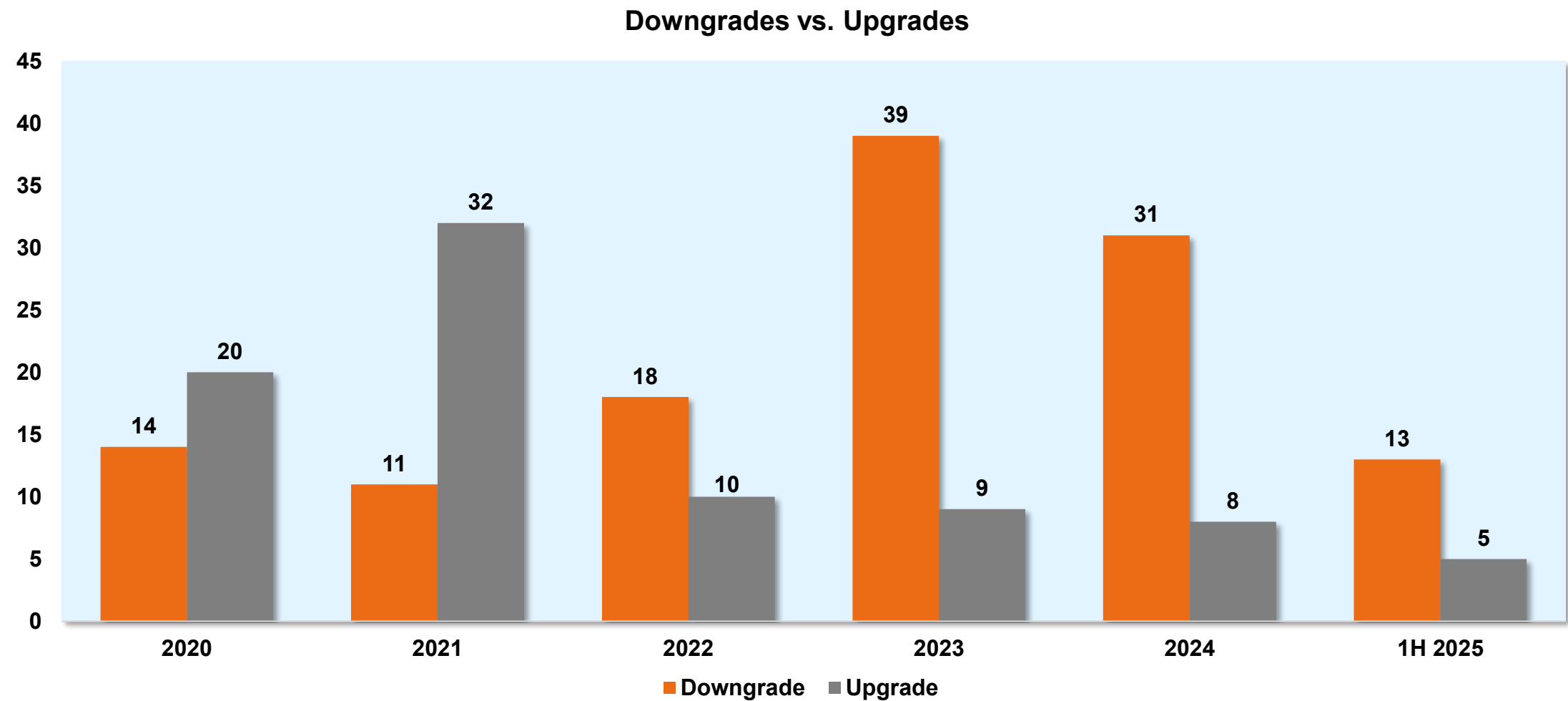
■ Under Review   ■ Upgrade   ■ Downgrade   ■ Initial   ■ Affirmation



# US Commercial Lines

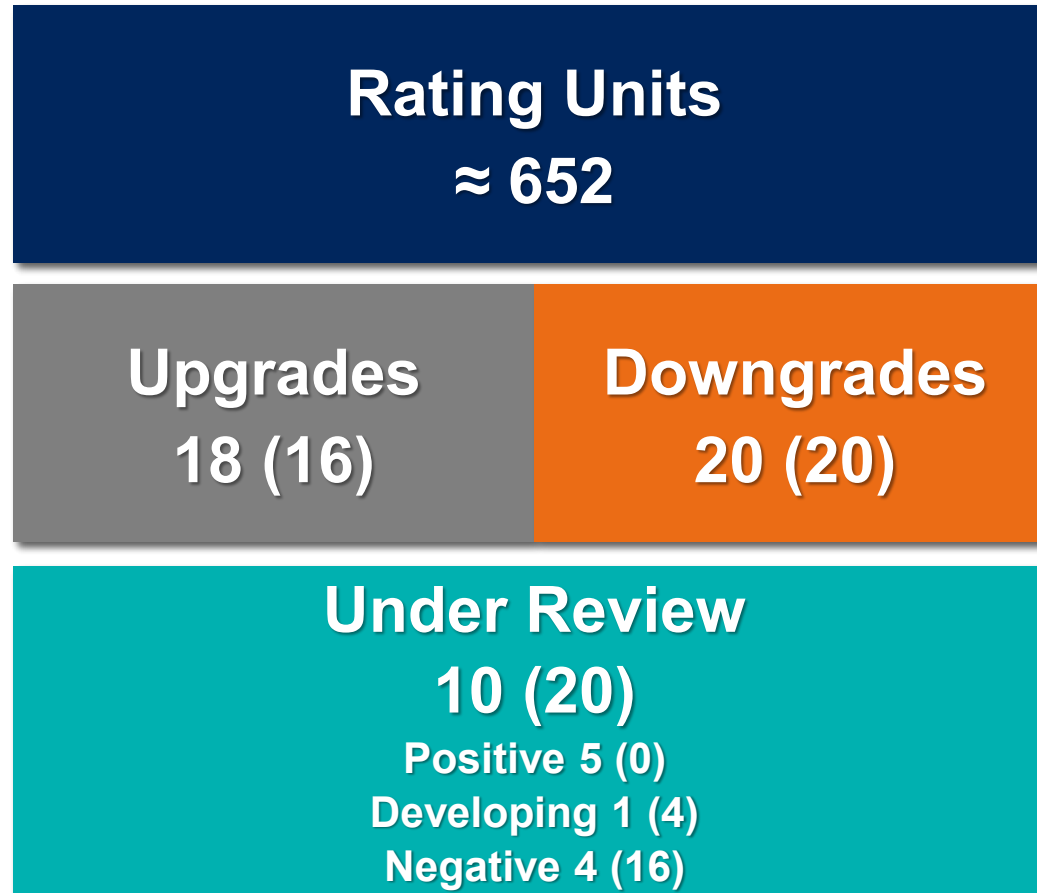


# US Personal Lines



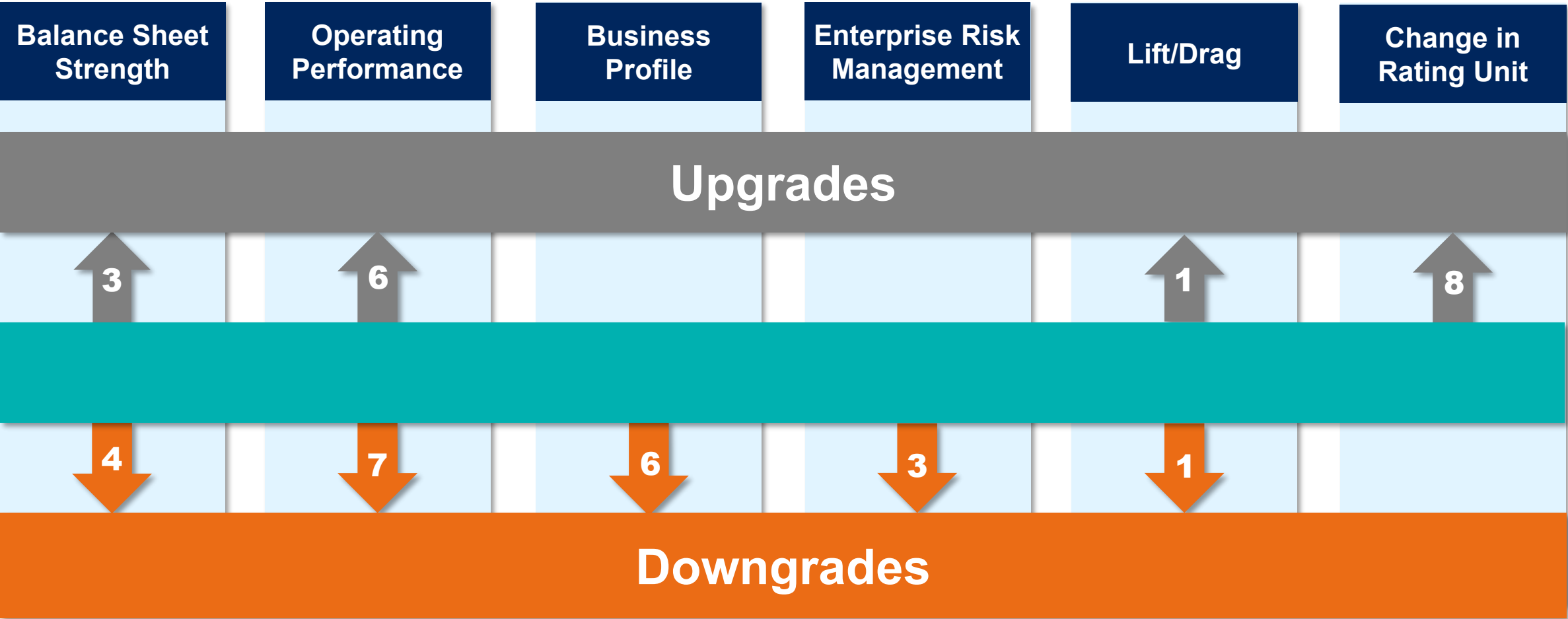
# Rating Actions – First Six Months 2025

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Note: First Six Months 2024 numbers in parentheses

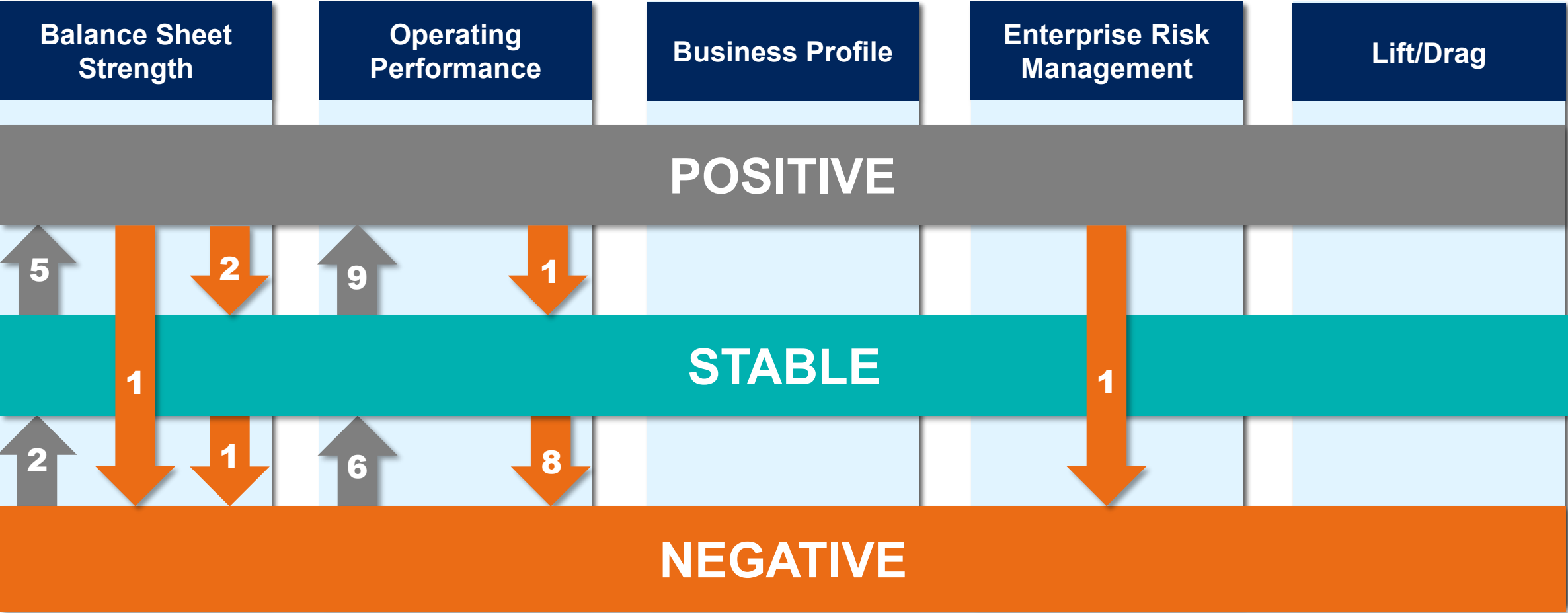
# Drivers of Ratings Changes – First Six Months 2025



# Outlook Changes

		6 Mo 2025	2024
	Stable to Positive	14	20
	Negative to Stable	9	9
	Negative to Positive	0	1
	Stable to Negative	9	35
	Positive to Stable	3	1
	Positive to Negative	1	0

# Drivers of Outlook Changes – First Six Months 2025



# Drivers of Rating Actions

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**US casualty reserve challenges and  
social inflation**

**Economic and geopolitical uncertainty**

**Wildfire loss impact on catastrophe budgets –  
continued weather-driven volatility**

# Future Considerations

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**Social Inflation: No signs of abating. Litigation funding makes further inroads**

**Economic and Geopolitical Uncertainty: Globally conflicts have escalated, and protectionist policies are on the rise**

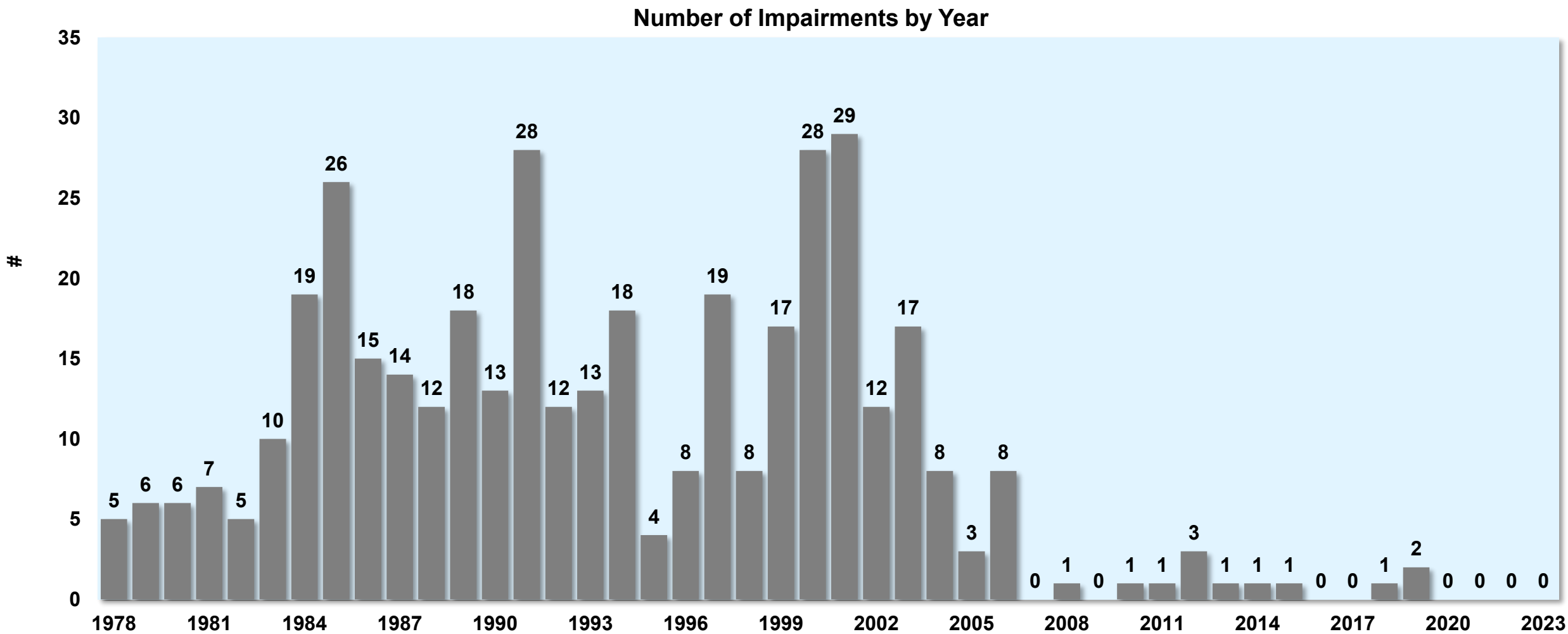
**Weather-driven Volatility: Benign hurricane season so far but increase in secondary perils still a concern**

**Reinsurance Conditions: Likely will ease if there are no further catastrophes this year**

**Artificial Intelligence: The great unknown in terms of risks and Opportunities**

**Regulations: Rates dependent on regulatory approvals. Regulators struggling to balance affordability and availability**

# Resiliency: Impairments of AM Best Rated Insurers Have Declined Since 2001



# Why Have AM Best Rated Impairments Declined?

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**Improved risk management practices led to significant improvements in stability and performance over last 15 years**



**Regulatory enhancements**



**Refinements to AM Best's criteria have raised awareness in the industry and have helped insurers build up resilience and the ability to manage their exposures**

**Thank You!**

# AM BEST

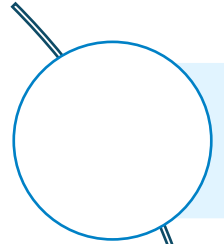
## Surplus Lines & DUAEs

**Greg Williams – Managing Director, AM Best**

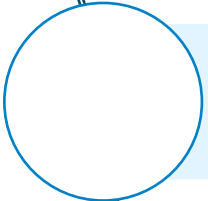
CIAB  
Friday, October 3<sup>rd</sup>, 2025

# Agenda

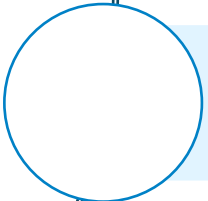
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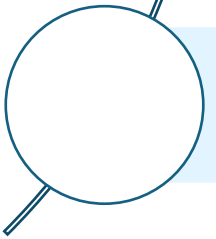
**2025 Surplus Lines Report**



**US Surplus Lines**



**Evolution of Insurance Distribution**



**Growth of DUAEs/MGAs in the Value Chain**

## 2025 Report: Key Takeaways

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- The surplus lines market has enjoyed double-digit growth from 2018-2024.
- After surpassing the \$100 billion threshold for the first time in 2023, the Surplus Lines Market premium reached almost \$130 billion in 2024.
- The key driver of premium growth for insurers is the wealth of opportunities being sourced through their distribution partners, increasingly so by DUAEs.
- Troubled P/C lines of coverage (such as commercial auto and trucking, litigation-related liability exposures, commercial property and homeowners' insurance) have provided growth opportunities for surplus lines insurers.
- Demand for creative coverage options to cover emerging and evolving risks has heightened the role of surplus lines intermediaries and insurers.

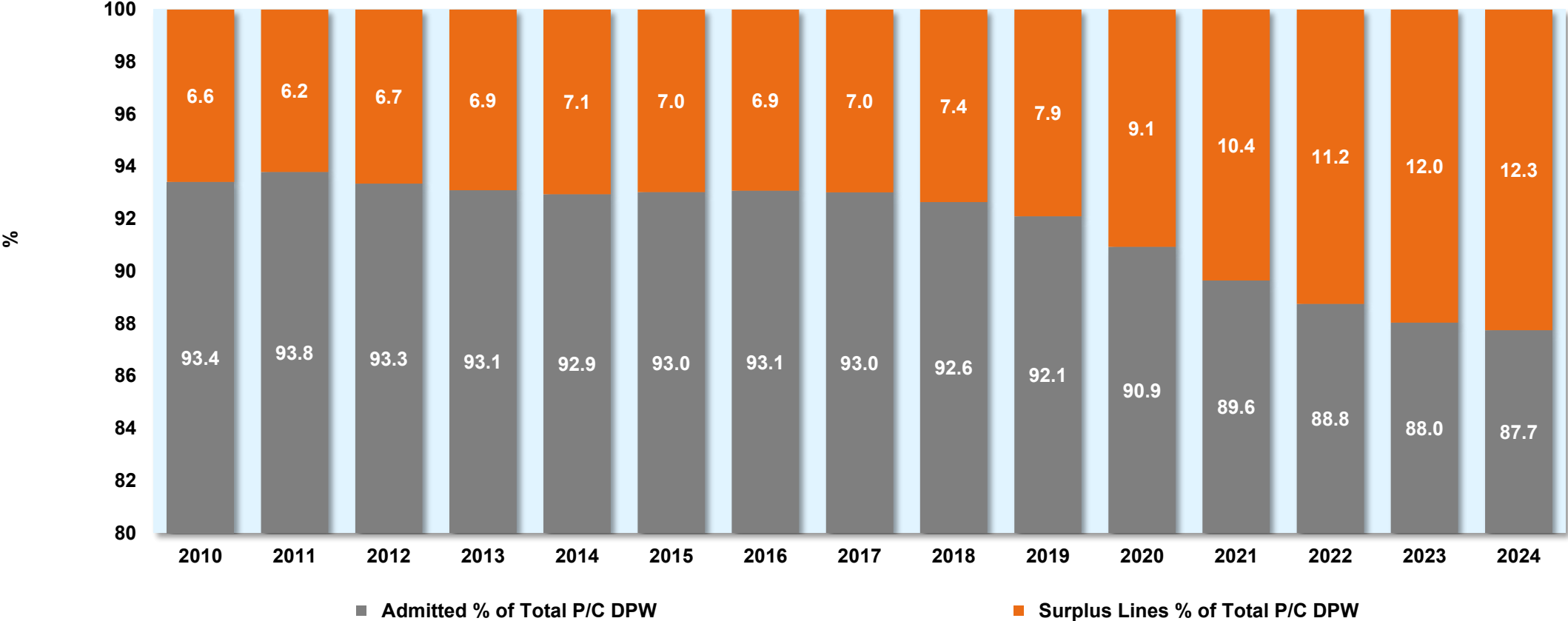
## 2025 Report: Key Takeaways

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- Key underwriting ratios for AM Best's special composite of surplus lines companies – the net loss and LAE ratio, and combined ratio – have been superior to those of the total P/C industry in each of the last four years (2021-2024).
- The pretax operating profit of AM Best's special composite increased by 22% in 2024. Both the pretax ROR (23.2) and total ROR (27.4) compared favorably to the returns for the total P/C industry (17.7 and 14.6, respectively).
- 97.9% of surplus lines rating units are in the Excellent to Exceptional rating levels (issuer credit ratings from “a-” to “aaa”) compared to 85.4% of all P/C rating units being in the same categories.
- There were no surplus lines impairments in 2024 nor during the first half of 2025.

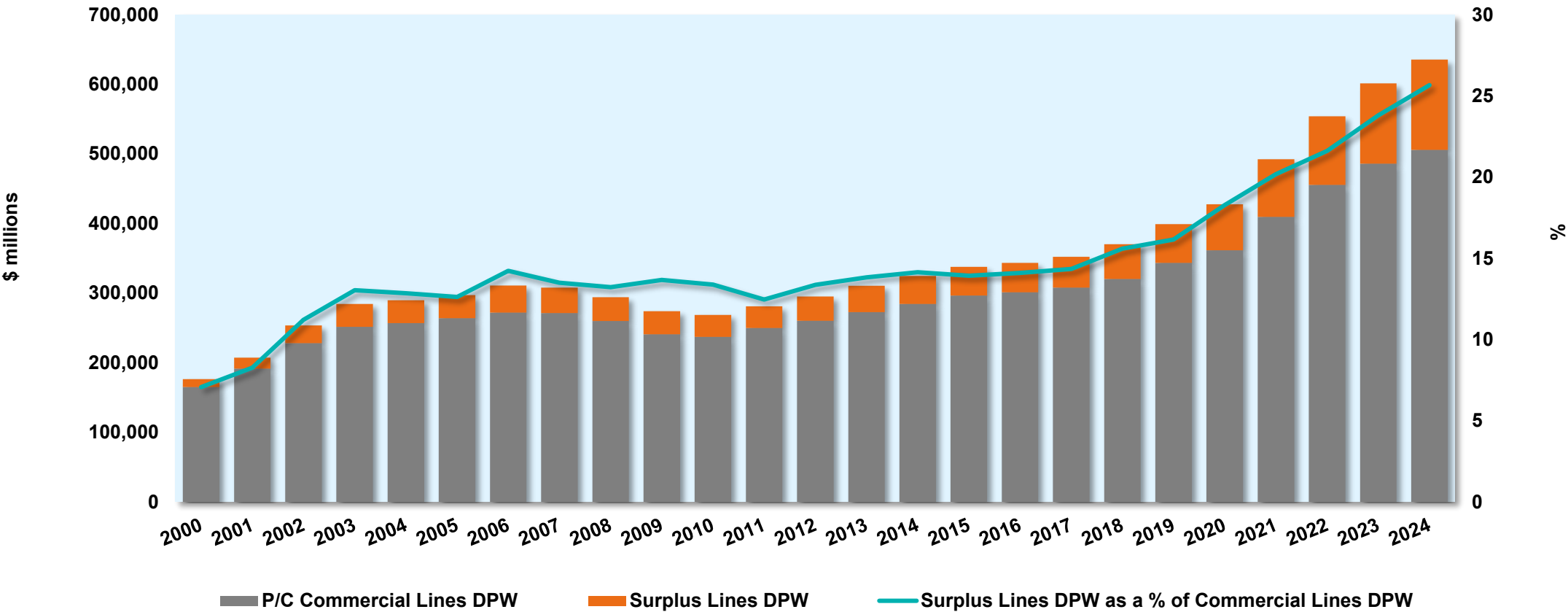
# US Surplus Lines

US P/C Industry – Admitted vs. Surplus Lines, Proportion of DPW

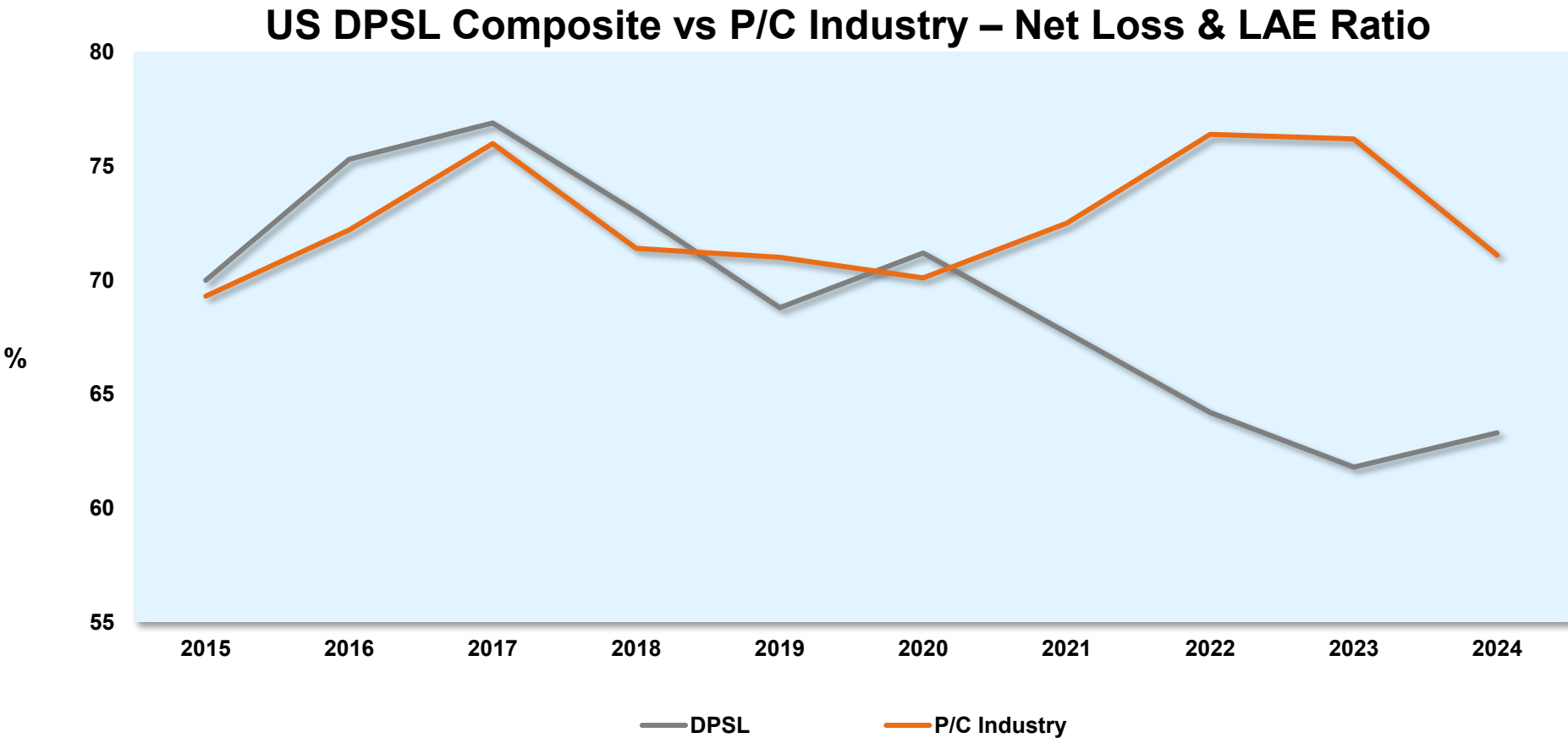


# US Surplus Lines

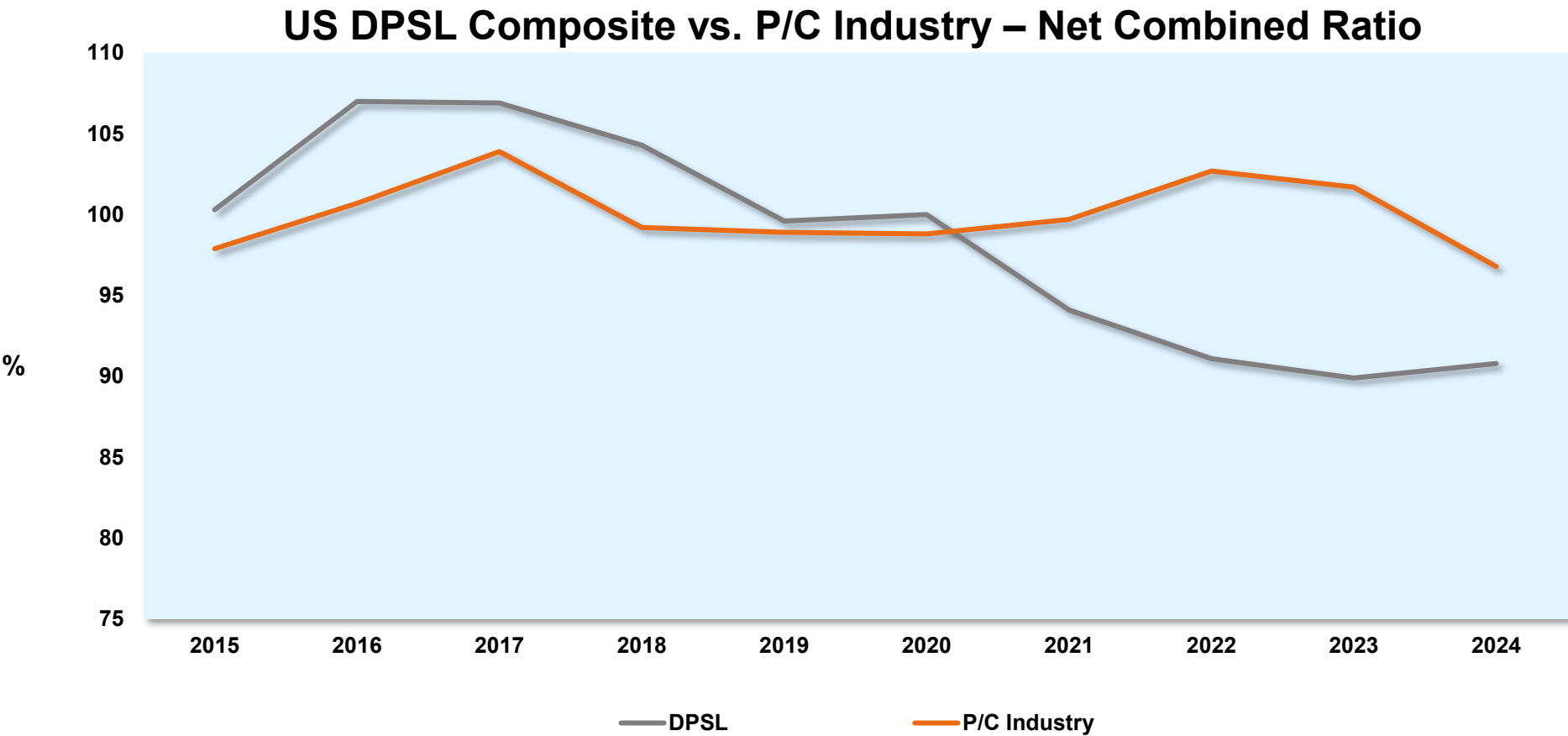
US Surplus Lines DPW as a % of P/C Industry Commercial Lines DPW



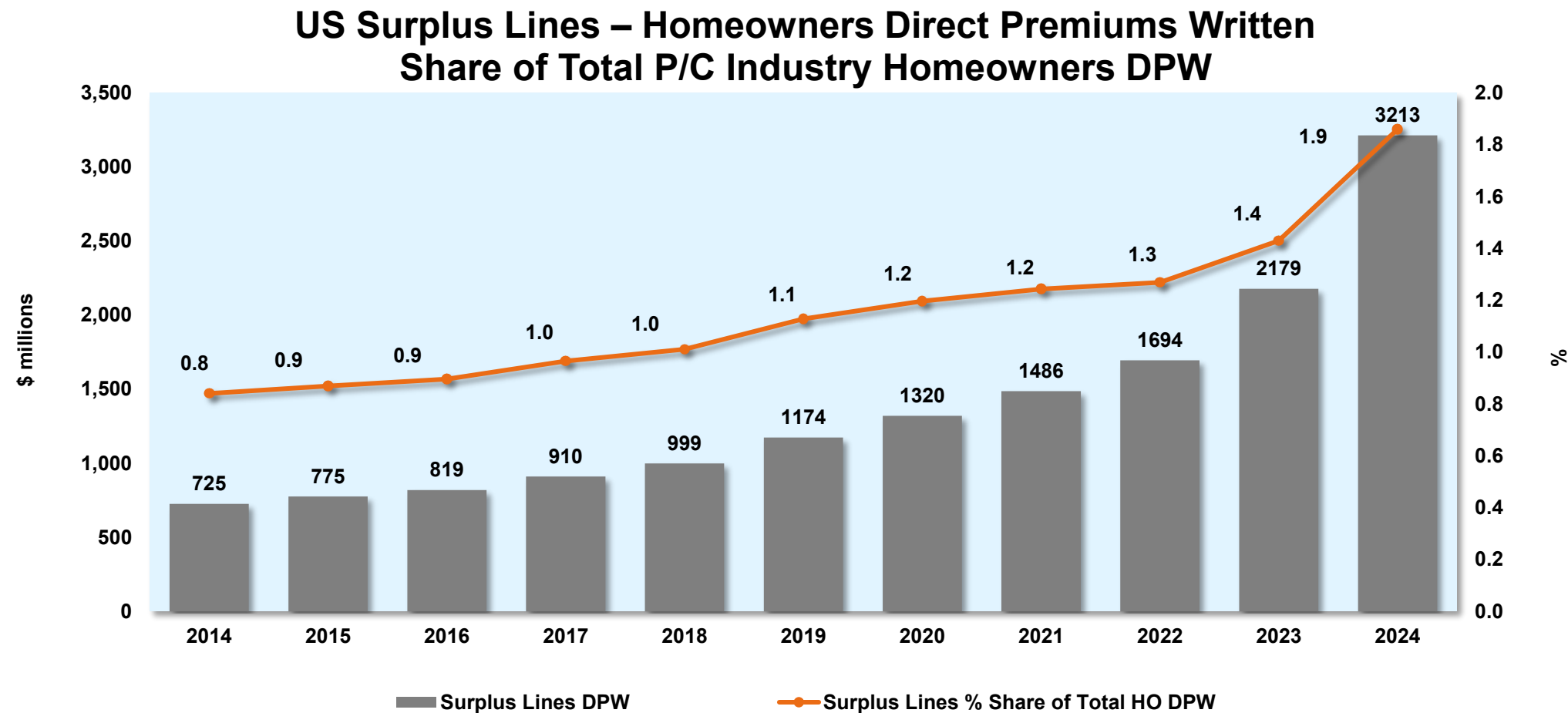
# US Surplus Lines



# US Surplus Lines



# US Surplus Lines



# US Surplus Lines

## US DPSL vs. US PC Industry – AM Best Ratings by Rating Unit

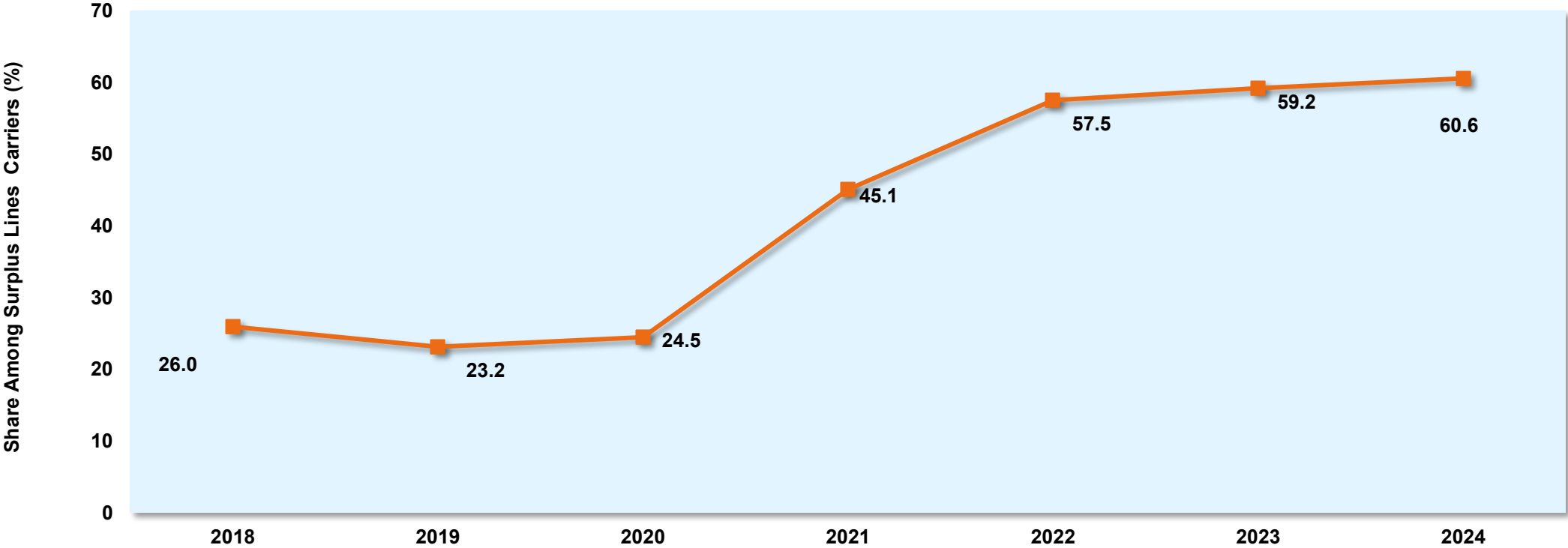
Category	Rating Level	DPSL		PC Industry	
		Rating Units	%	Rating Units	%
Exceptional	aaa	1	1.0	3	0.5
	Subtotal	1	1.0	3	0.5
Superior	aa+	10	10.1	16	2.5
	aa	9	9.1	12	1.8
	aa-	14	14.1	44	6.7
	Subtotal	33	33.3	72	11.0
Excellent	a+	17	17.2	94	14.4
	a	18	18.2	166	25.5
	a-	28	28.3	222	34.0
	Subtotal	63	63.6	482	73.9
Good	bbb+	1	1.0	35	5.4
	bbb	1	1.0	22	3.4
	bbb-	0	0.0	14	2.1
	Subtotal	2	2.0	71	10.9
Fair	bb+, bb, bb-	0	0.0	20	3.1
Marginal	b+, b, b-	0	0.0	3	0.5
Weak/Very Weak	ccc+, ccc, ccc-, cc	0	0.0	1	0.2
Poor	c	0	0.0	0	0.0
	Subtotal	0	0.0	24	3.7
Total Issuer Credit Ratings		99	100.0	652	100.0

Note: Numbers may not add up due to rounding. Domestic professional surplus lines ratings are as of July 22, 2025. US P/C industry ratings data is as of June 30, 2025.



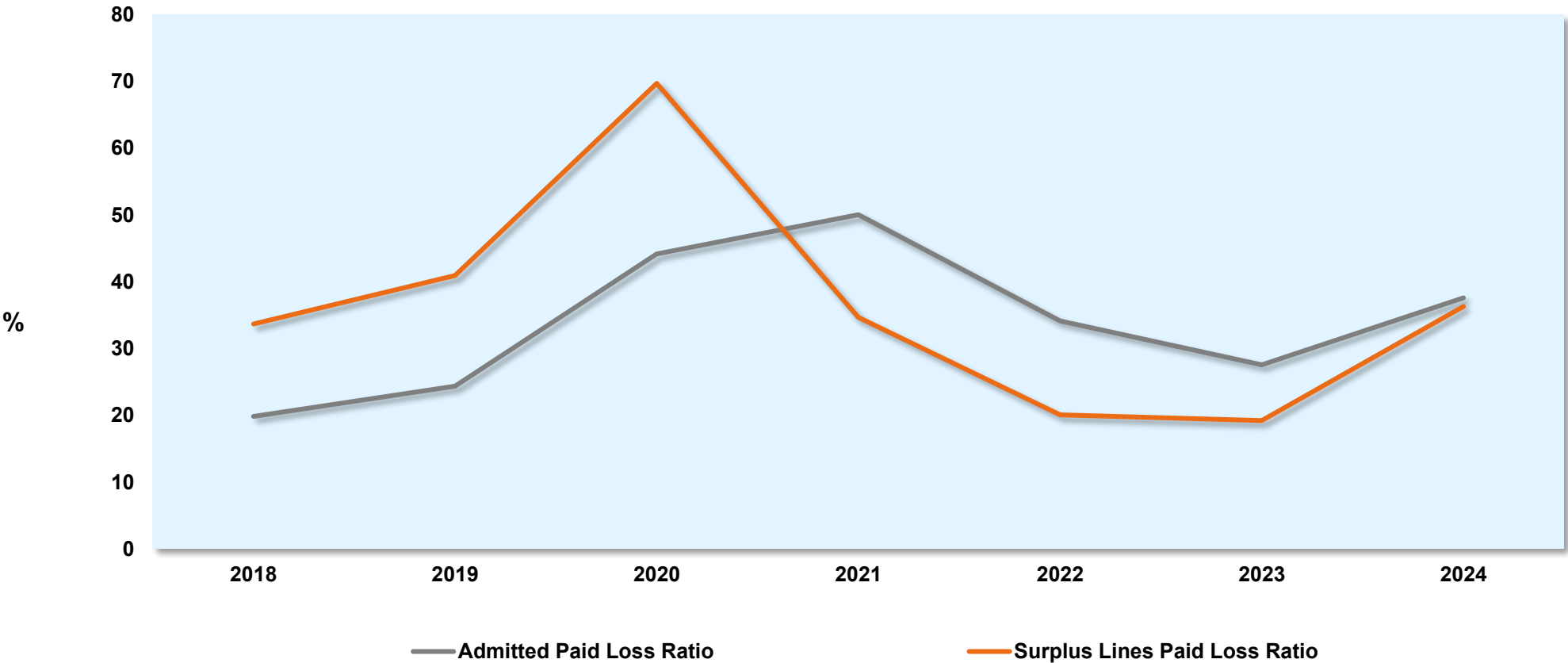
# US Surplus Lines

Surplus Lines as Share of all Cyber DPW



# US Surplus Lines

Admitted vs. Surplus Cyber Paid Loss and DCC Ratio



# US Surplus Lines

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- **Evolving Lines/Risk Classes**

- Catastrophe-exposed property
- Evolving cyber liability threats
- Coverage for cannabis-related businesses
- Specialty risks shifting to surplus lines like event cancellation, and active assailant coverage

- **Emerging Lines/Risk Classes**

- Artificial intelligence-related exposures
- Autonomous transportation
- Electric vehicles / lithium battery risks
- Emerging health, biotech, and life science exposures (gene therapies, clinical trials, etc.)
- Environmental liabilities (PFAS contamination)
- Parametric covers

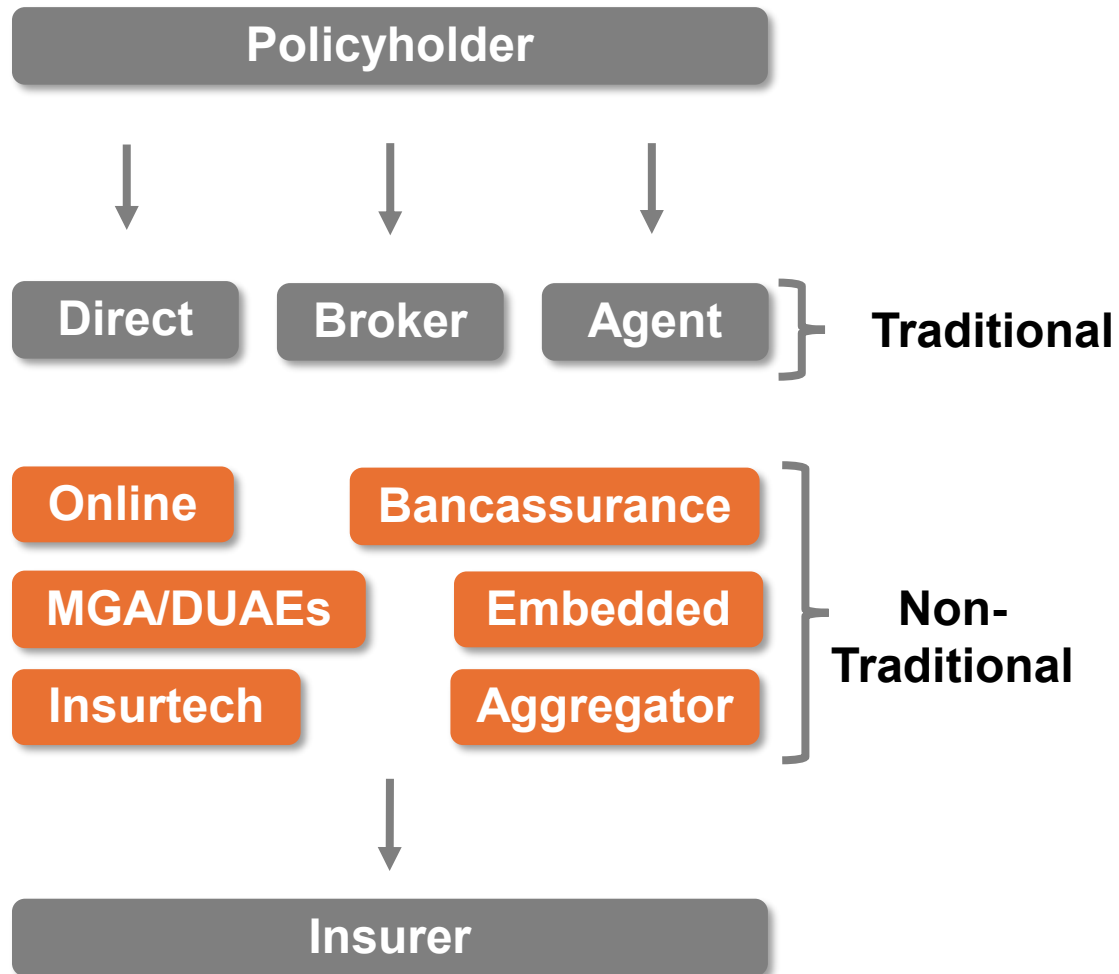
# US Surplus Lines

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- **Key Topics Concerning Surplus Lines Distribution**

- Acquisition and consolidation trends continue, driven by:
  - Strategic considerations
  - Financial considerations
- Continued shift of complex and emerging risks into the E&S space
- Progress made in attracting and retaining young talent.
- Digital transformation being furthered via artificial intelligence
  - AI will help reshape how insurance products are evaluated, sold and serviced.
  - Risk assessment, negotiation and constructing bespoke coverage solutions still demand efforts led by individuals

# Evolution of Insurance Distribution



## Distribution Trends

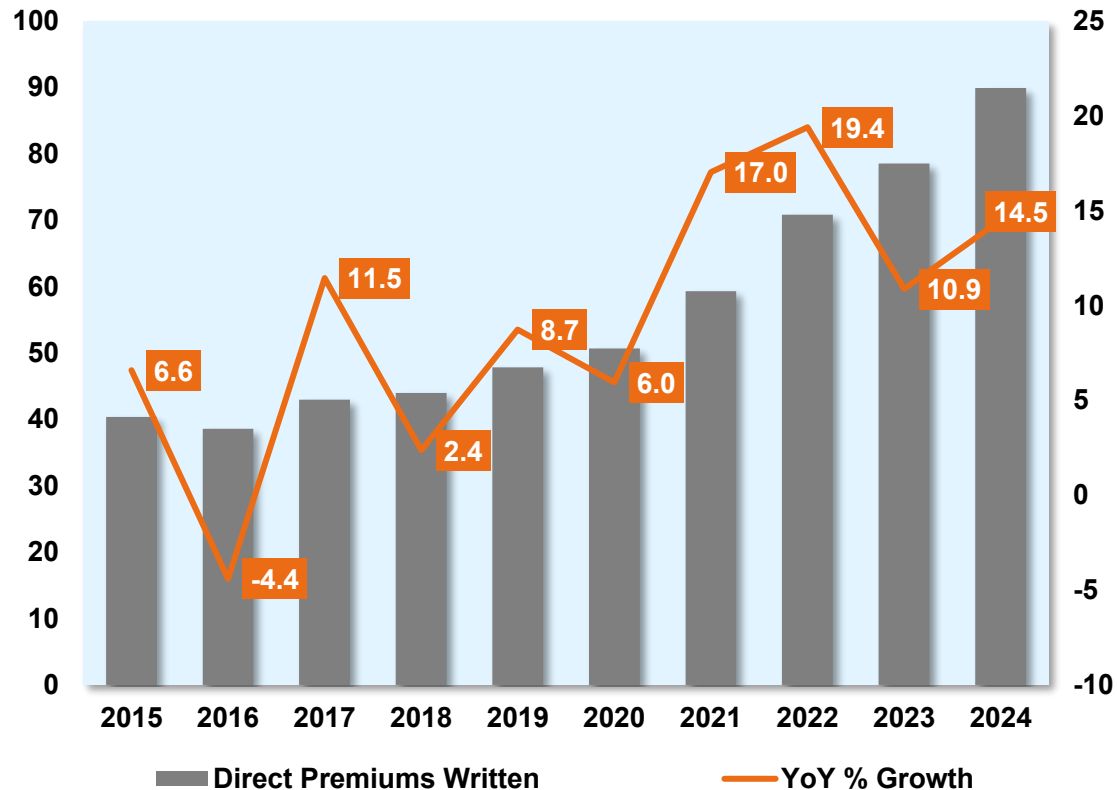
- Multi-channel
- Non-traditional channels
- Technology
- Delegated authority

## Channel Considerations

- Growth & access
- Cost
- Segment
- Competition

# Growth of DUAEs/MGAs in the Value Chain

## US Property/Casualty MGA Direct Premiums Written (USD billions)



- **AM Best currently maintains a positive outlook on the global DUAЕ market**

- Growth will continue to be supported by demand for specialty products
- Tech edge
- Talent migration
- Capacity remains robust
- Increasing alignment of incentives

- **Emerging headwinds**

- Pricing tailwinds are moderating
- Regulatory/compliance obligations are increasing
- Profit-share economics under pressure
- Capacity providers becoming more selective

# Published Performance Assessments

AMB#	Company	Assessment (Category)	Outlook	Effective Date	Description
41014	Amwins Access Insurance Services, LLC	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41015	Amwins Digital Insurance Services, LLC	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41016	American Equity Underwriters, Inc.	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41017	Amwins Program Underwriters, Inc.	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41018	Amwins Special Risk Underwriters, LLC	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41019	Amwins Natl Transportation Underwriters	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41020	Amwins Specialty Casualty Solutions, LLC	PA-1 (Exceptional)	Stable	04-Nov-24	Update
41001	Ryan Specialty Underwriting Mgrs Intl	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41009	Ryan Specialty Netherlands B.V.	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41012	Velocity Risk Underwriters, LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41035	RSG Underwriting Managers, LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41036	RSG Specialty, LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41037	Ryan Re Underwriting Managers, LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41041	Ryan Specialty International Limited	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41043	Ryan Specialty Nordics AB	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41046	Freberg Environmental. LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41048	US Assure Ins Services of Florida, LLC	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment
41056	Ryan Specialty Europe GmbH	PA-1 (Exceptional)	Stable	27-May-25	Initial Assessment

# Published Performance Assessments (Cont'd)

AMB#	Company	Assessment (Category)	Outlook	Effective Date	Description
41006	Delta Insurance New Zealand Limited	PA-2 (Excellent)	Stable	10-Sep-24	Update
41007	Delta Underwriting Private Limited	PA-2 (Excellent)	Stable	10-Sep-24	Update
41025	Excess Reinsurance Underwriters Inc.	PA-2 (Excellent)	Stable	04-Oct-24	Update
41034	Dynamic Reinsurance, LLC	PA-2 (Excellent)	Stable	30-Jun-25	Initial Assessment
41000	CargoCorp Underwriters Inc.	PA-3 (Strong)	Positive	17-Jul-25	Update
41022	Corin Underwriting Limited	PA-3 (Strong)	Stable	11-Oct-24	Update
41023	Corin Unwriting (Europe) GmbH	PA-3 (Strong)	Stable	11-Oct-24	Update
41002	First Indemnity Insurance Agency, Inc.	PA-3 (Strong)	Stable	29-Sep-25	Update
41024	Redbridge Group, LLC	PA-3 (Strong)	Stable	20-Feb-25	Update
41033	Kay International AMEA Limited	PA-3 (Strong)	Stable	04-Apr-25	Initial Assessment
41027	Keane Specialty Insurance LLC	PA-4 (Fair)	Stable	10-Jul-25	Update

# US Surplus Lines

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- **AM Best's Surplus Lines Market Segment Outlook remains at Positive owing to the following key factors:**
  - The efficient use of capacity operating as the safety valve for specific lines of commercial or personal lines of coverage where capacity is limited or has been declining.
  - Operating profitability and strengthened capital positions driven by strong underwriting results.
  - Market conditions have supported the entrance of new participants, including insurers and different types of surplus lines intermediaries.
  - The integration of new, complex technologies in numerous industries, making it likely that specifically tailored surplus lines coverage solutions will remain in high demand.



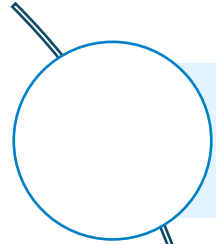
## **Global Reinsurance Perspectives**

**Stefan Holzberger – Executive Vice President & Chief Operating Officer, AM Best**

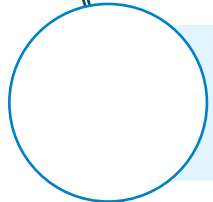
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# Agenda

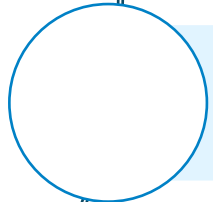
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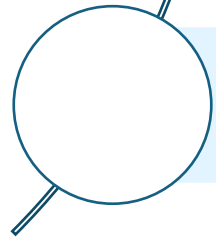
**Outlook: Positive – Sustainable Results for Longer**



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



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



**Expectations and Key Themes – What Challenges Lie Ahead?**

# **Outlook – Positive Sustainable Results for Longer**

# AM Best's Market Segment Outlook – Global Reinsurance

## Positive Outlook

Not just re-pricing but de-risking

Sustainable underwriting margins

Capital protection instead of earnings stabilizers

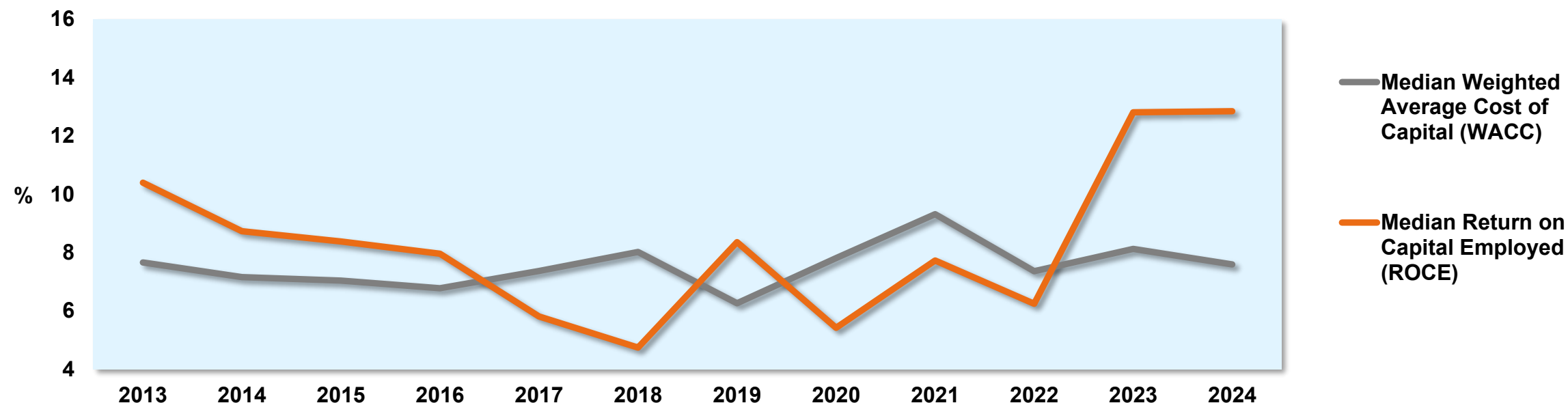
No capital depletion

Strong demand

Investor pressure

# **Robust Operating Results – Despite Heightened Cat Activity**

# Cost of Capital and Realignment of Risk

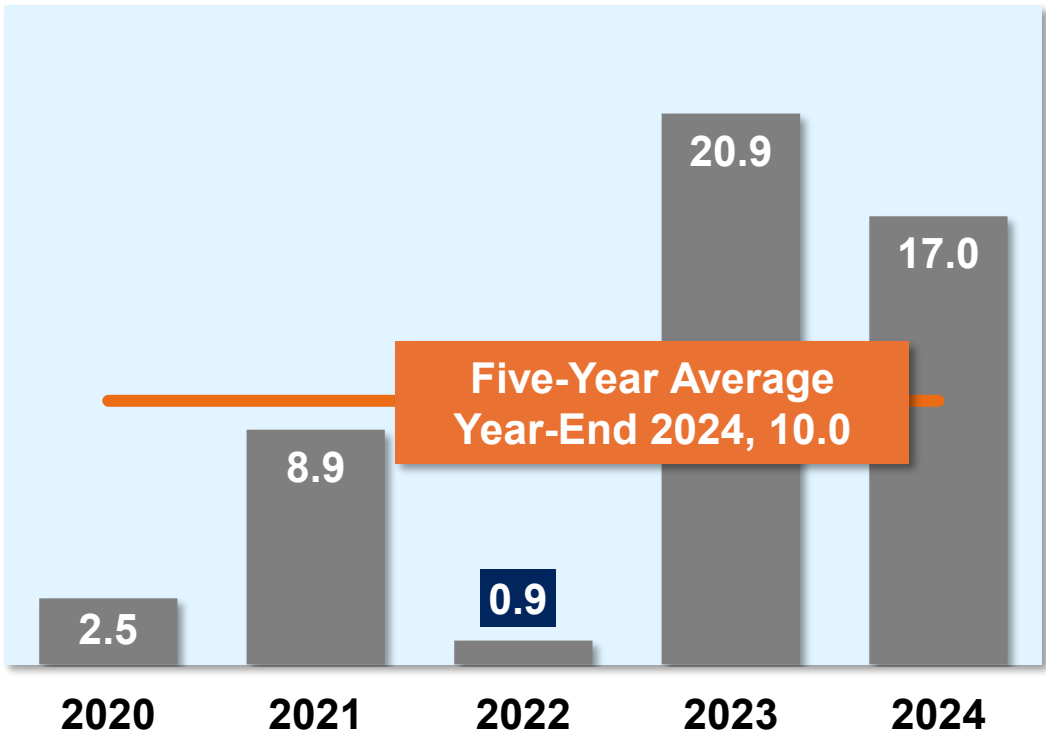


## Reinsurers Meeting Cost of Capital

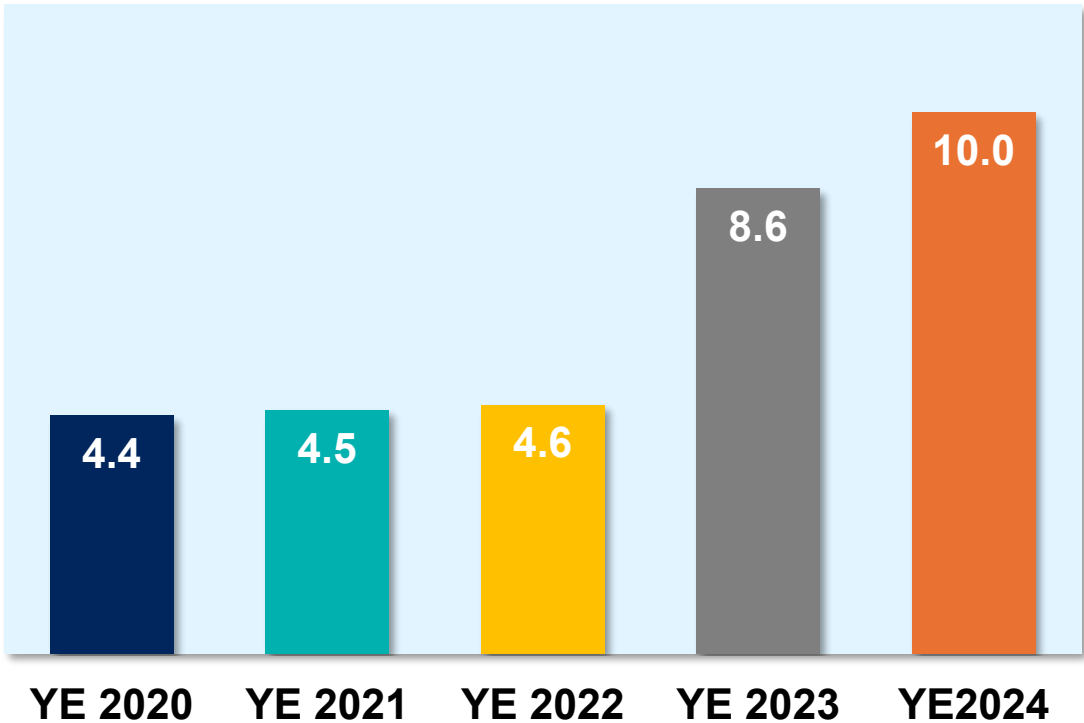


# Global Reinsurance Market Performance

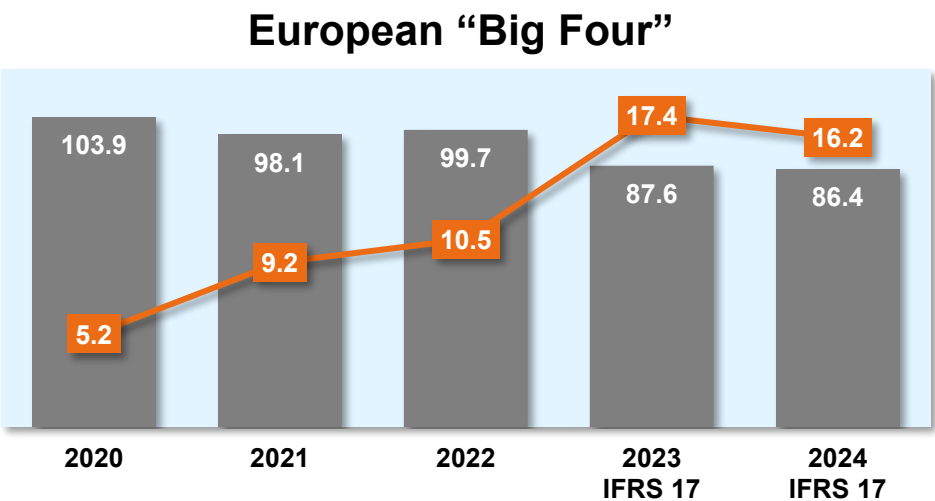
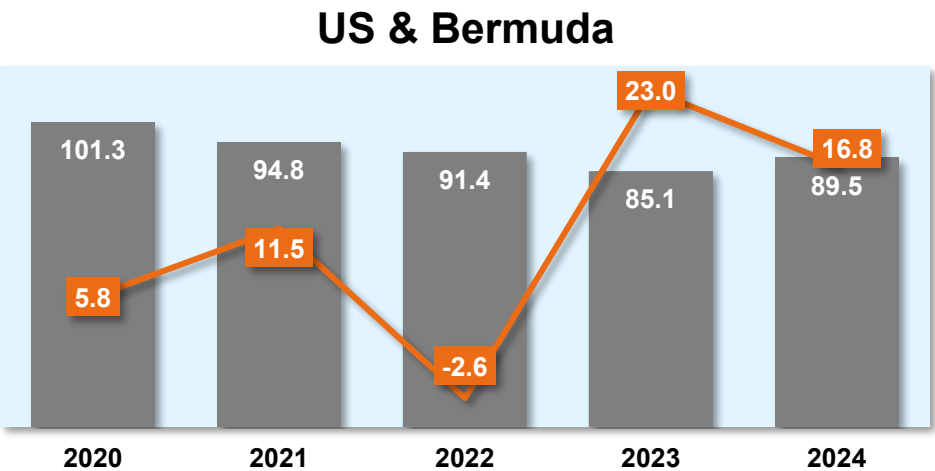
Return on Equity (%)



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

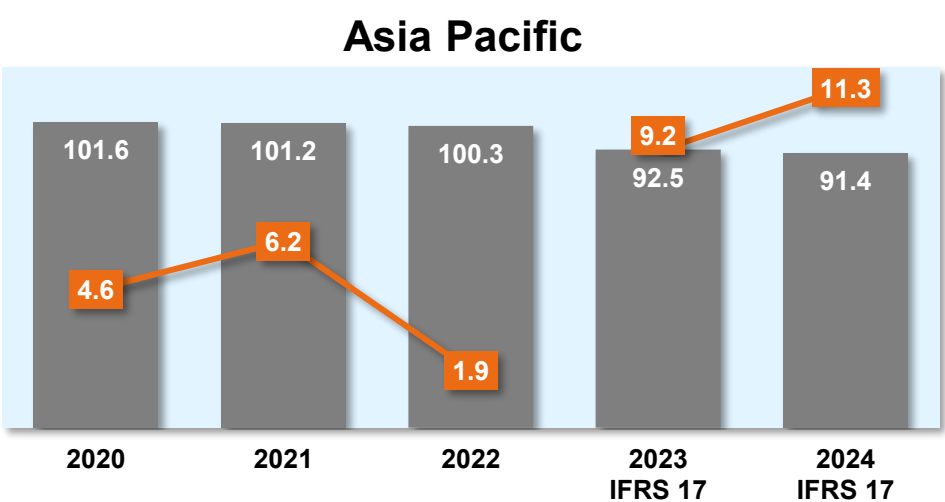
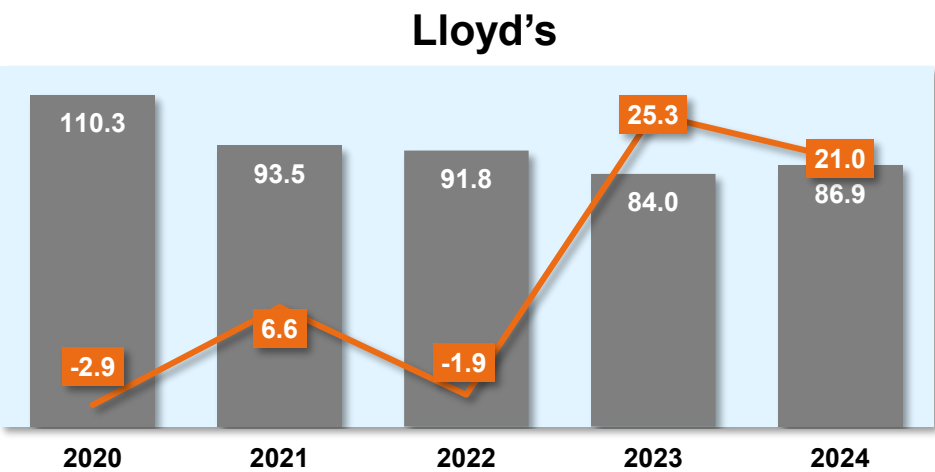


# Global Reinsurance Market Performance



Combined Ratio

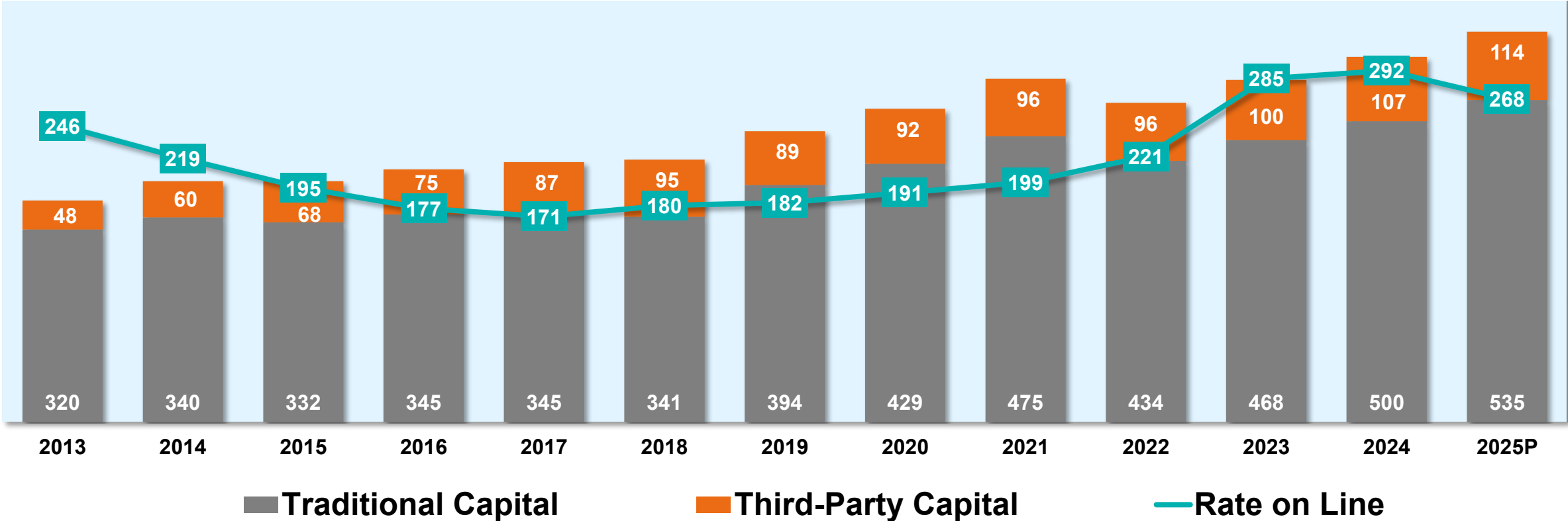
Return on Equity



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

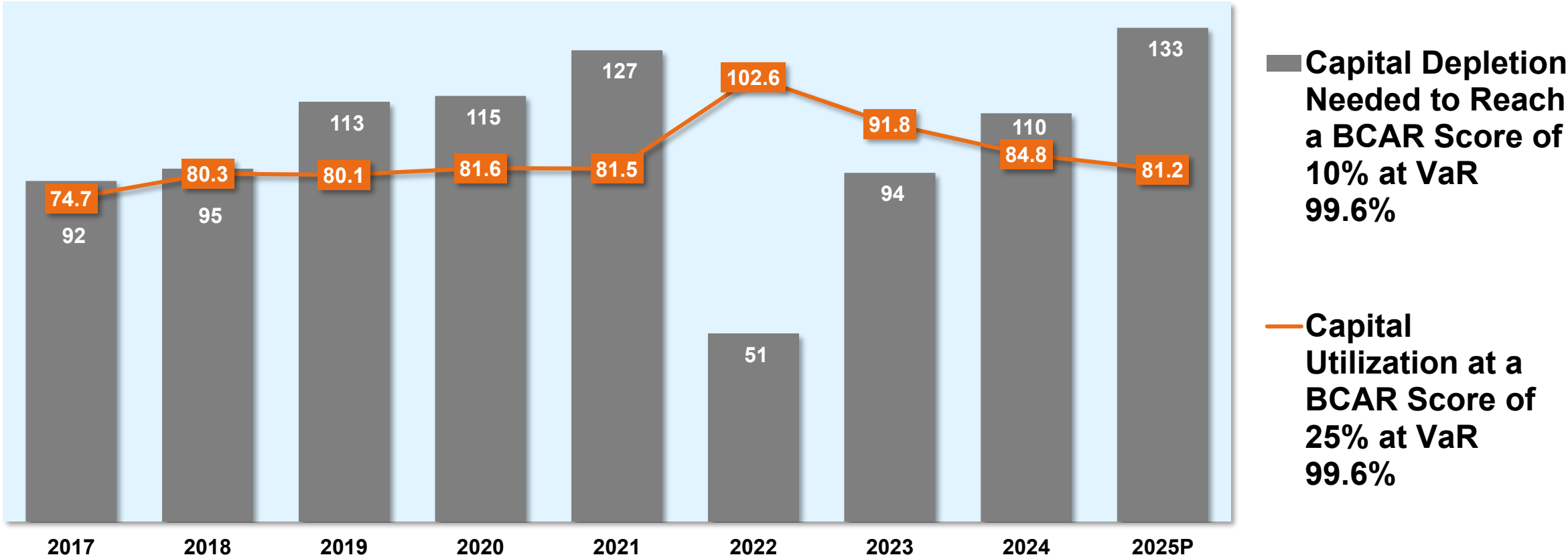
# Global Reinsurance – Dedicated Capital

Estimated Dedicated Reinsurance Capital (USD billions)



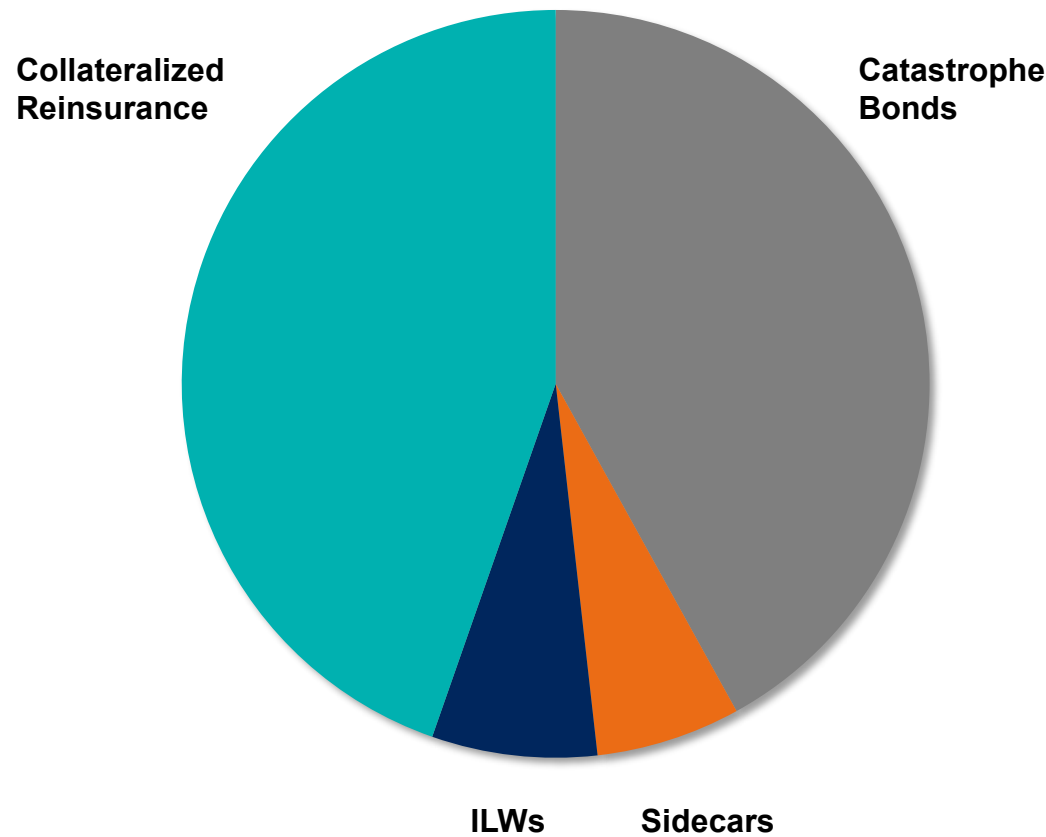
# Global Reinsurance – Capital Utilization

Global Reinsurance – Capital Utilization (USD billions)

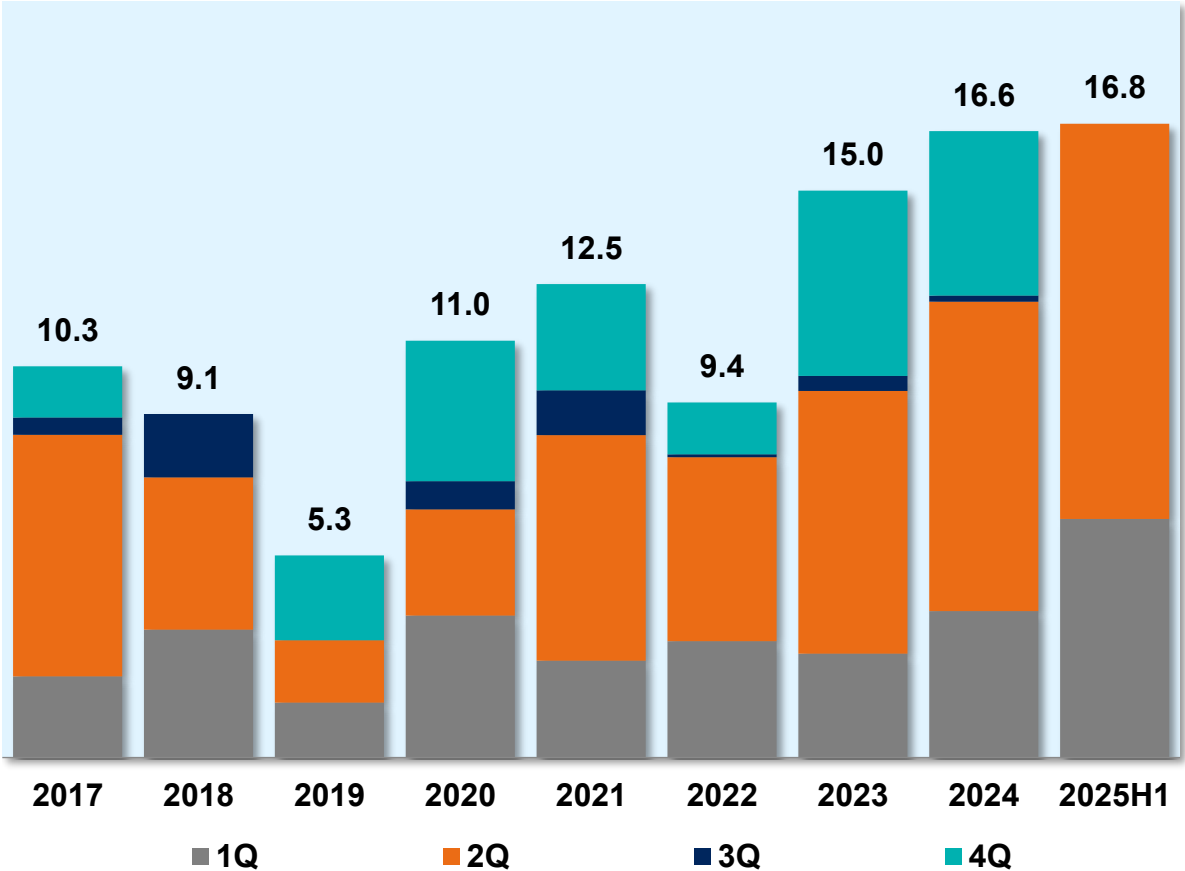


# ILS Trends

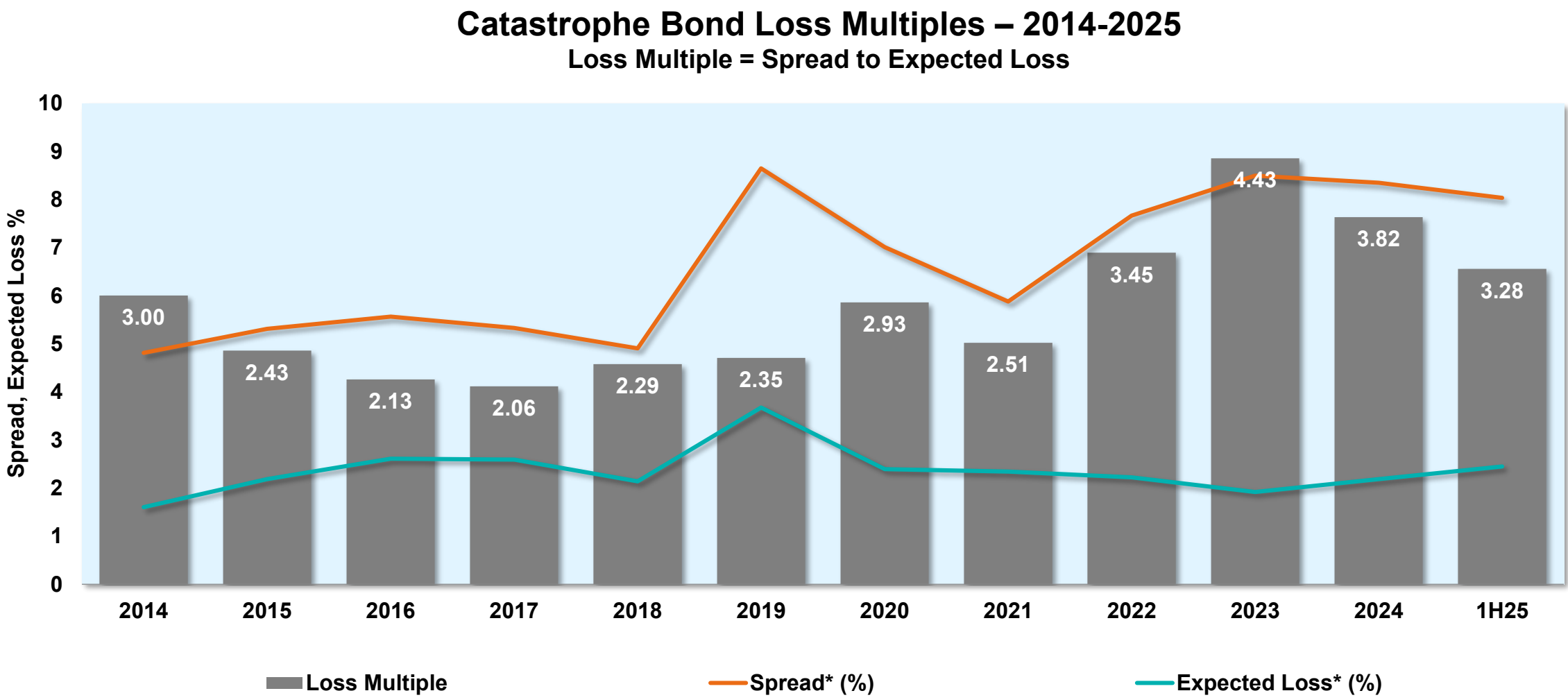
ILS Composition  
(Approximated 2024)



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



# ILS Trends



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



# Expectations and Key Themes

# AM Best's Market Segment Outlook – Global Reinsurance

**What might  
change our  
outlook?**

**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

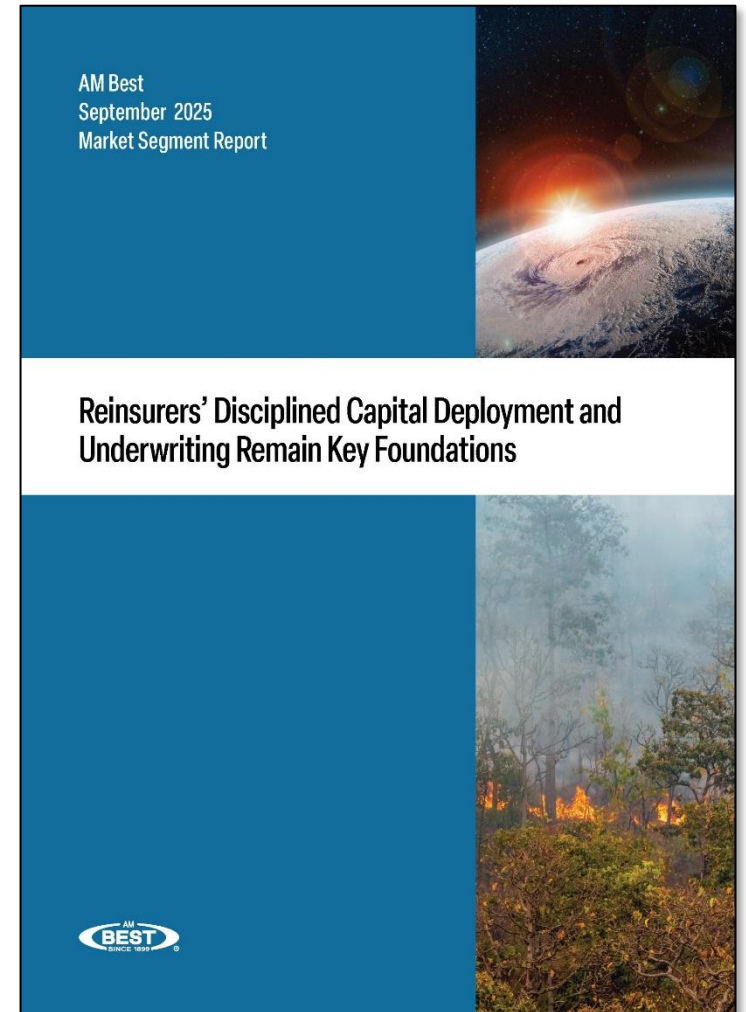
Payback to investors continues

## Supply/demand equilibrium

Maintaining disciplined allocation

## Positive outlook

Sustainable profitability



**Q&A**

# AM Best's Upcoming Events – Autumn 2025



**November 4**

## **AM Best's Insurance Market Briefing – SIRC**

Marina Bay Sands Expo & Convention  
Centre, Singapore



**November 6**

## **AM Best's Europe Insurance Market & Methodology Briefings – London**

Convene 200 Aldersgate, St. Paul's, London



**November 25**

## **AM Best's Insurance Market Briefing – MENA**

Kempinski Central Avenue Dubai

**Click on an event for more details and to register,  
or visit AM Best's events pages**

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