Opening Remarks

Rob Curtis – Managing Director & Co-Chief Executive Officer, AM Best

AM Best Insurance Market Briefing – New Zealand

13 November 2025

Agenda

- Delta Insurance Introduction: Petra Luccioli
- Financial Markets Authority: Wolfgang Rieg
- Global Reinsurance Market Outlook & Highlights: Victoria Ohorodnyk
- New Zealand Market Segment Outlooks: Yi Ding
- Performance Assessment for DUAEs: Johnathan Wong

Delta Insurance Introduction

Petra Luccioli– Group Claims Manager, Delta Insurance

AM Best Insurance Market Briefing – New Zealand

13 November 2025

FMA Session

Wolfgang Rieg – Manager, Financial Markets Authority (FMA)

AM Best Insurance Market Briefing – New Zealand

13 November 2025

Agenda

- CoFI licensing and Implementation
- Complaints
- Contracts of Insurance Act
- Other FMA Priorities

Global Reinsurance Market Outlook & Highlights

Victoria Ohorodnyk – Director, AM Best

AM Best Insurance Market Briefing – New Zealand

13 November 2025

Global Reinsurance Market – Discussion Agenda

Outlook: Positive –
Sustainable Results for Longer

Robust Operating Results –
Despite Heightened Cat Activity, Casualty Challenges

Available Capital

AM Best's Expectations – The Next 12 Months

Outlook – Positive
Sustainable Results for Longer

AM Best's Market Segment Outlook – Global Reinsurance

Outlook Revised to Positive

June 2024

- Not just re-pricing but de-risking
- Sustainable underwriting margins
- Capital protection instead of earnings stabilisers
- No capital depletion
- Claims activity driven by secondary perils. Strong demand
- Investor pressure behind underwriting discipline

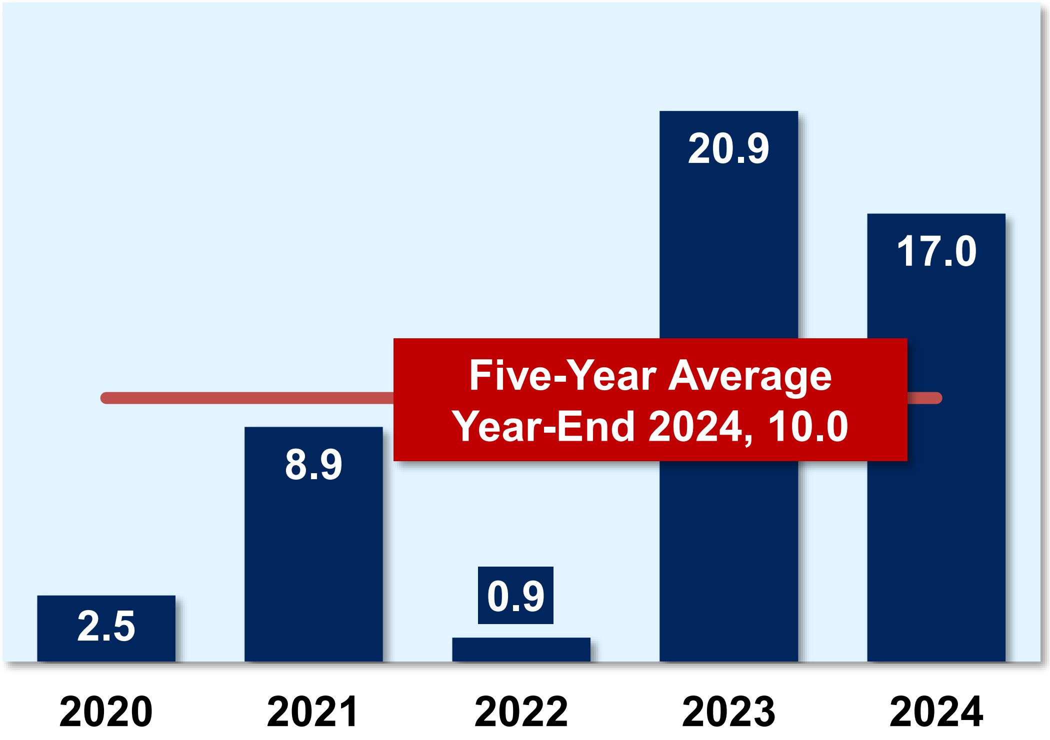
Global Reinsurance Market Outlook – Positive

Tailwinds	Headwinds
Although competitive conditions increased in property cat, pricing supports attractive margins	Elevated US casualty claims, reflecting the multi-year impact of social inflation, with adverse implications for underwriting and reserve margins
Reinsurers remained disciplined with terms and conditions and attachment points largely intact	Increased frequency and severity of catastrophic loss activity, especially from secondary perils
Despite significant catastrophe and large man-made losses, segment set to report strong operating results	Continued macroeconomic and geopolitical uncertainty
Segment remains well capitalized as evidenced by continued growth in dedicated capital	
Demand for coverage remains strong	
Life/Health reinsurance operations continue to act as a diversifying source of income and earnings	
Interest rates remaining higher for longer	

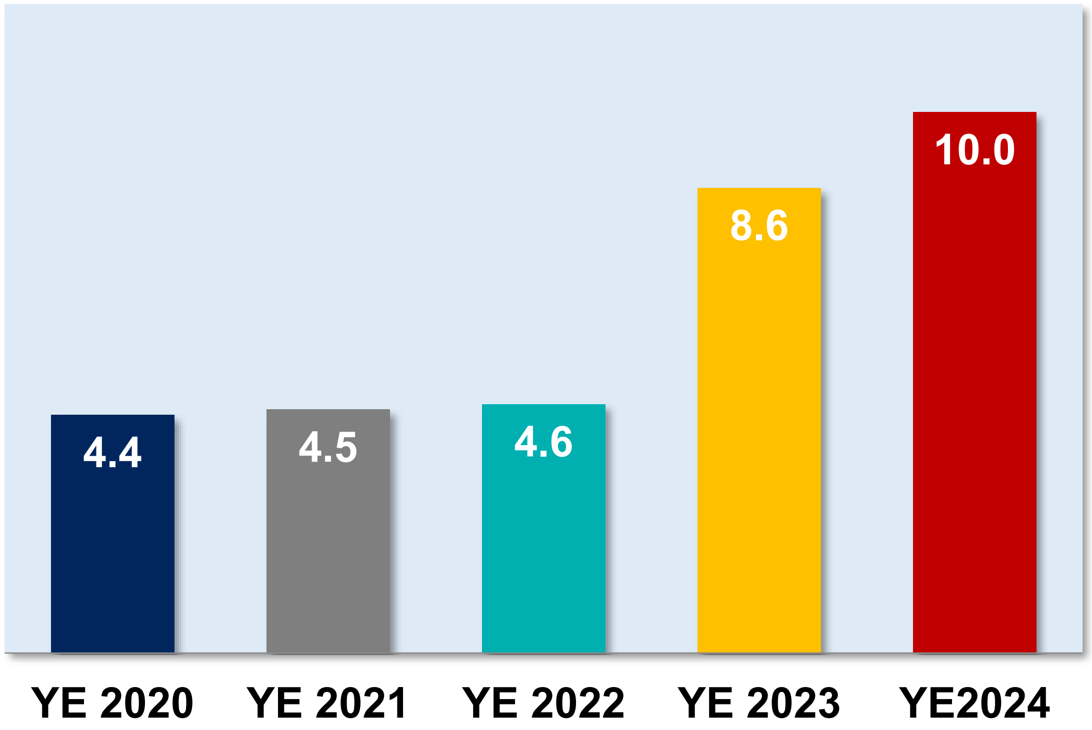
Robust Operating Results – Despite Heightened Cat Activity, Casualty Challenges

Global Reinsurance Market Performance

Return on Equity (%)

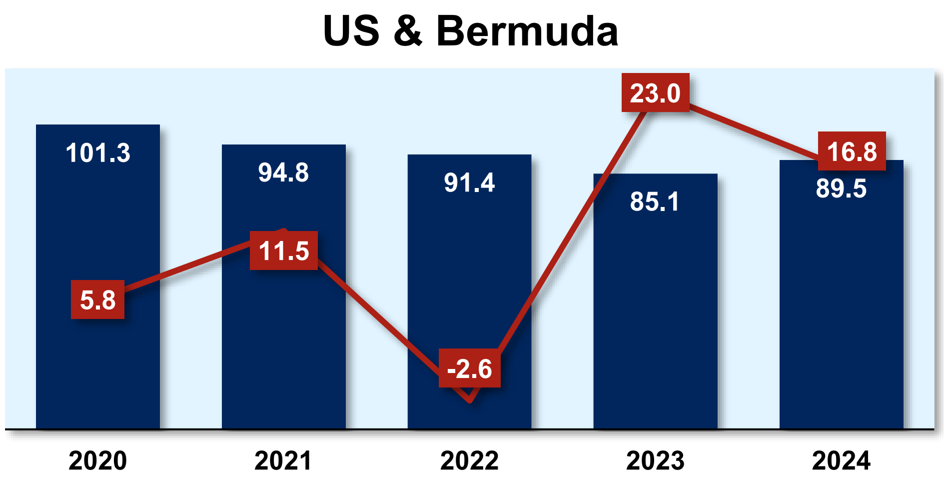


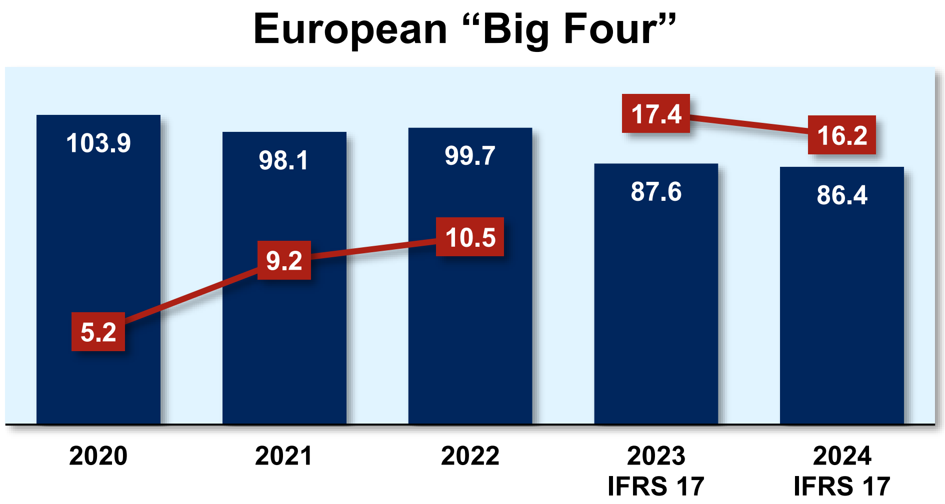
Global Reinsurance Market –
Rolling Five-Year Average Return on Equity (%)

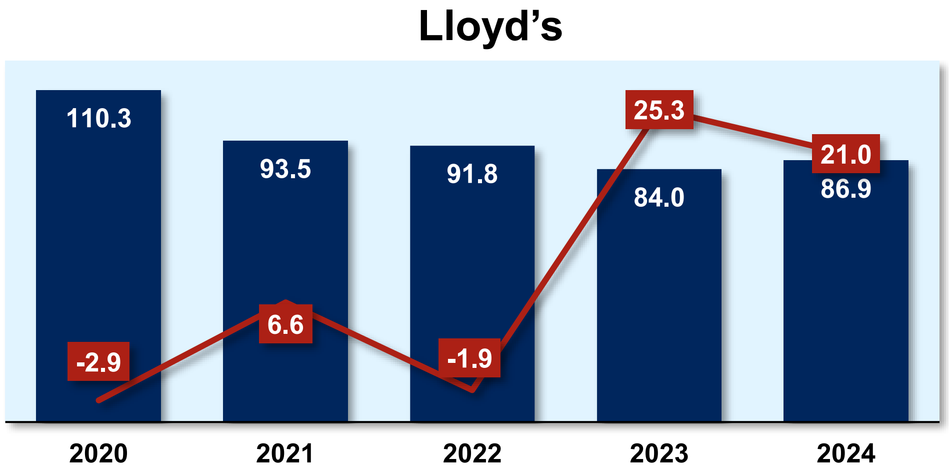


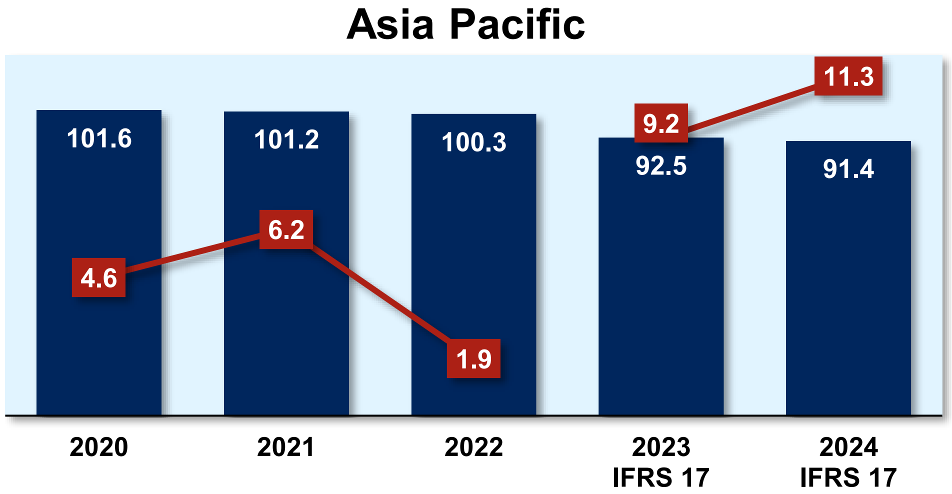
Source: AM Best data and research

Global Reinsurance Market Performance by Reinsurance Sector









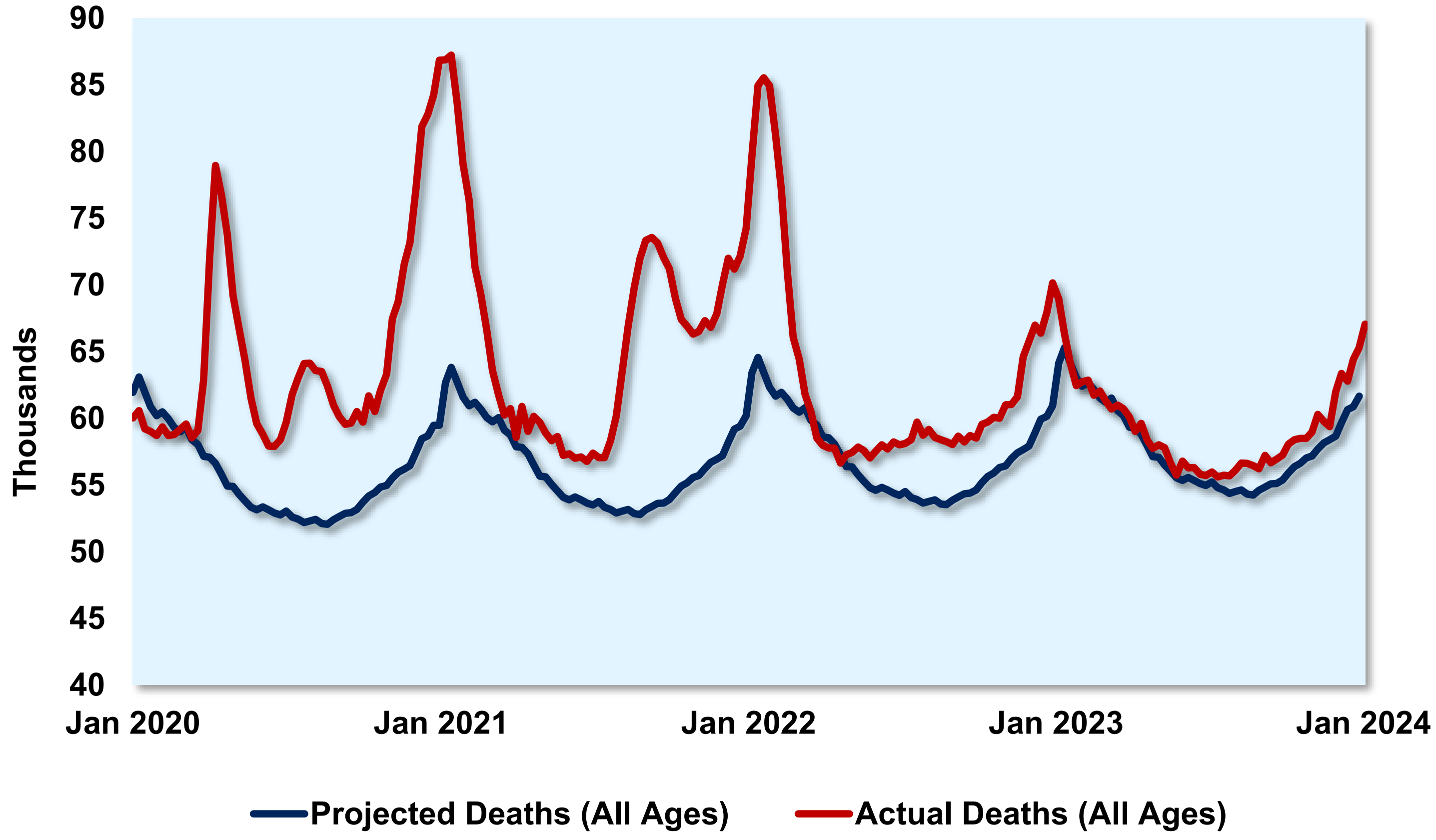
Combined Ratio

Return on Equity

Source: AM Best data and research

Life Reinsurance – Mortality Trends

Raw number of deaths from all causes compared to projection based on previous years (United States)

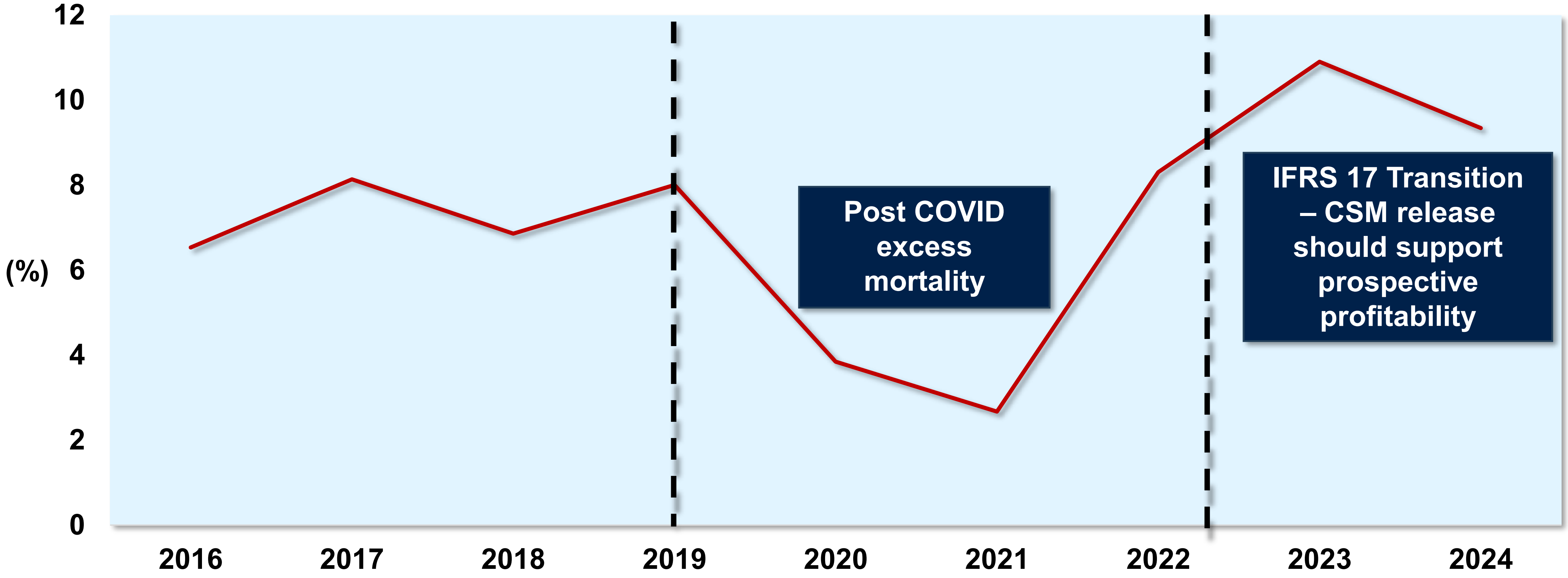


Notes: The reported number of deaths might not count all deaths that occurred due to incomplete coverage and delays in reporting.
Sources: Human Mortality Database (2023), World Mortality Dataset (2023) from OurWorldinData.org, RGA (Excess Mortality Rates)

Excess Mortality Estimates
March 2020 – December 2020 **~21%**
January 2021 – December 2021 **~19%**
January 2022 – December 2022 **~11%**
January 2023 – December 2023 **~3%**
January 2024 – December 2024 **~0.4%**

Life Reinsurance – Adds Diversification but can be Volatile

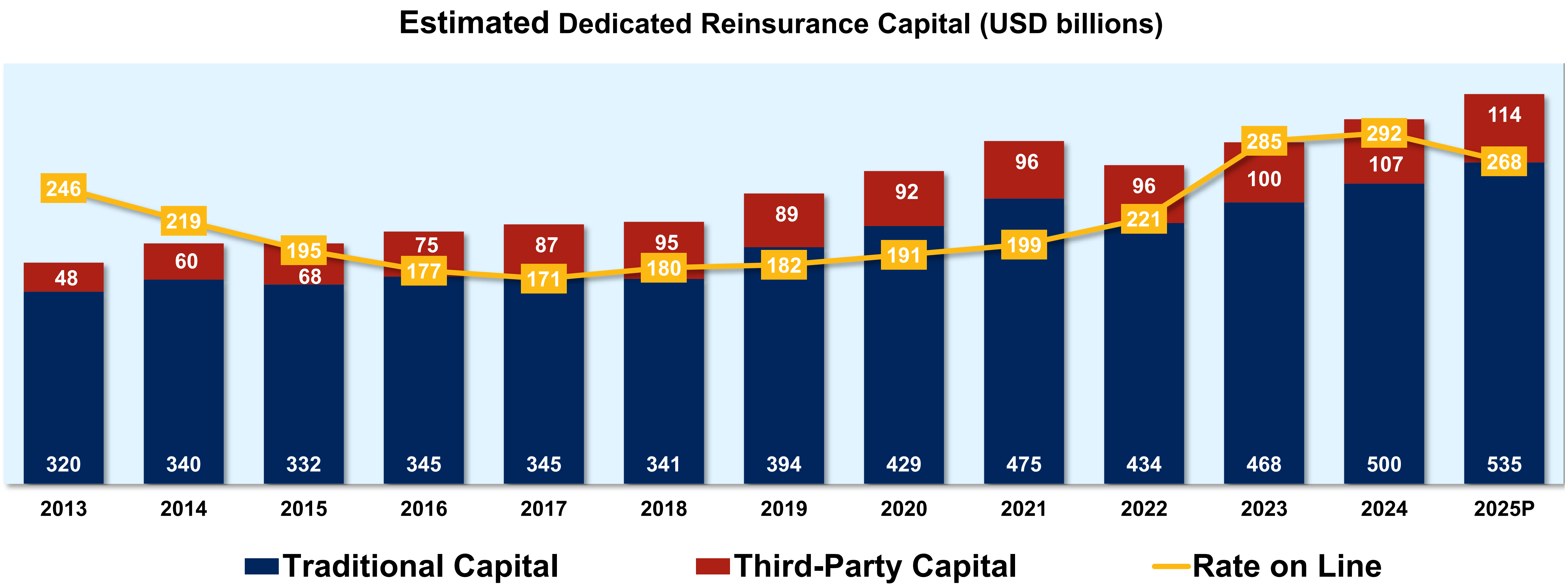
Estimated Life Reinsurance Margin – European "Big Four" (2016-2024)



Notes: Company financial statements and annual results presentations. Life reinsurance margin estimated as profit over net premiums (or revenues under IFRS17). Includes investment income component.
Source: AM Best data and research

Available Capital

Global Reinsurance – Capital Utilisation



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

Expectations and Key Themes over the next 12 months

AM Best's Expectations – The Next 12 Months

Operating results remain strong – exceeding cost of capital

New capital – internal generation / established players

Rate movements – greater differentiation by cedent, layer, and geography

Macroeconomic uncertainty remains

Retention levels – discipline maintained

Alternative capital embedded in capital structures

Q&A

Thank You

AM BEST

New Zealand Life & Non-Life Market Segment Outlooks

Yi Ding – Associate Director, AM Best

AM Best Insurance Market Briefing – New Zealand

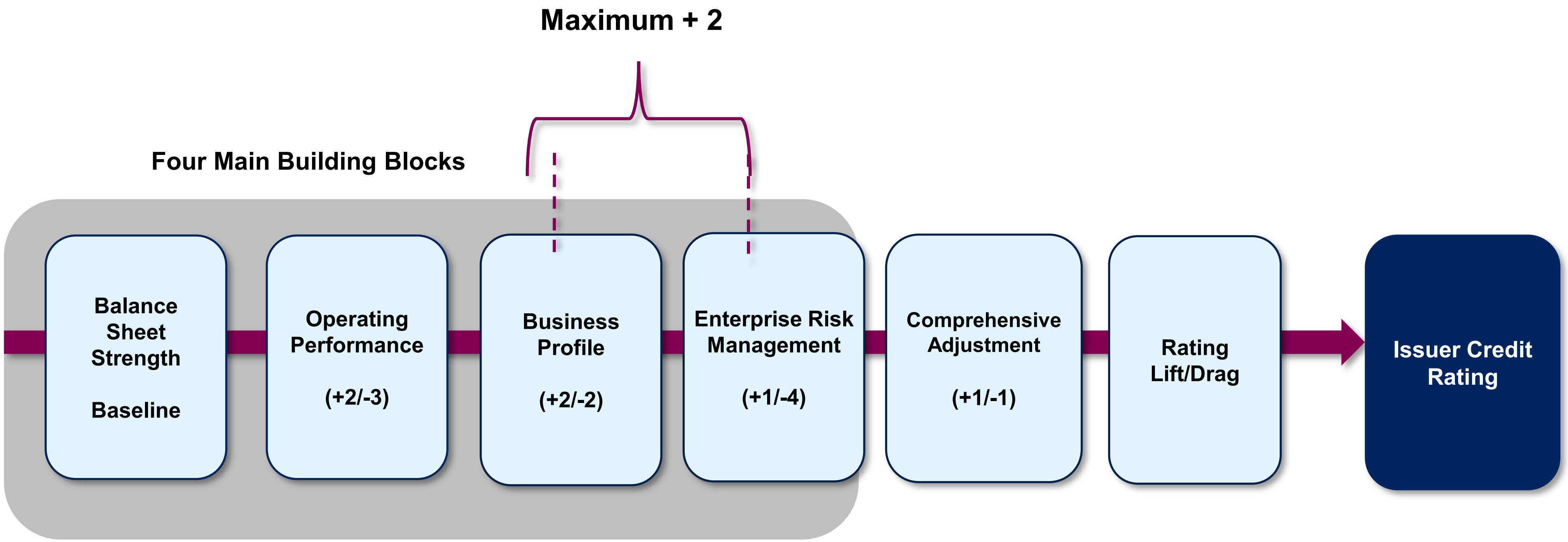
13 November 2025

Agenda

- Asia-Pacific Benchmarking
- Snapshot of AM Best's Market Segment Outlooks
- New Zealand Non-Life Insurance Outlook
- New Zealand Life Insurance Outlook

Asia-Pacific Benchmarking

Best’s Credit Rating Methodology – Building Block Approach

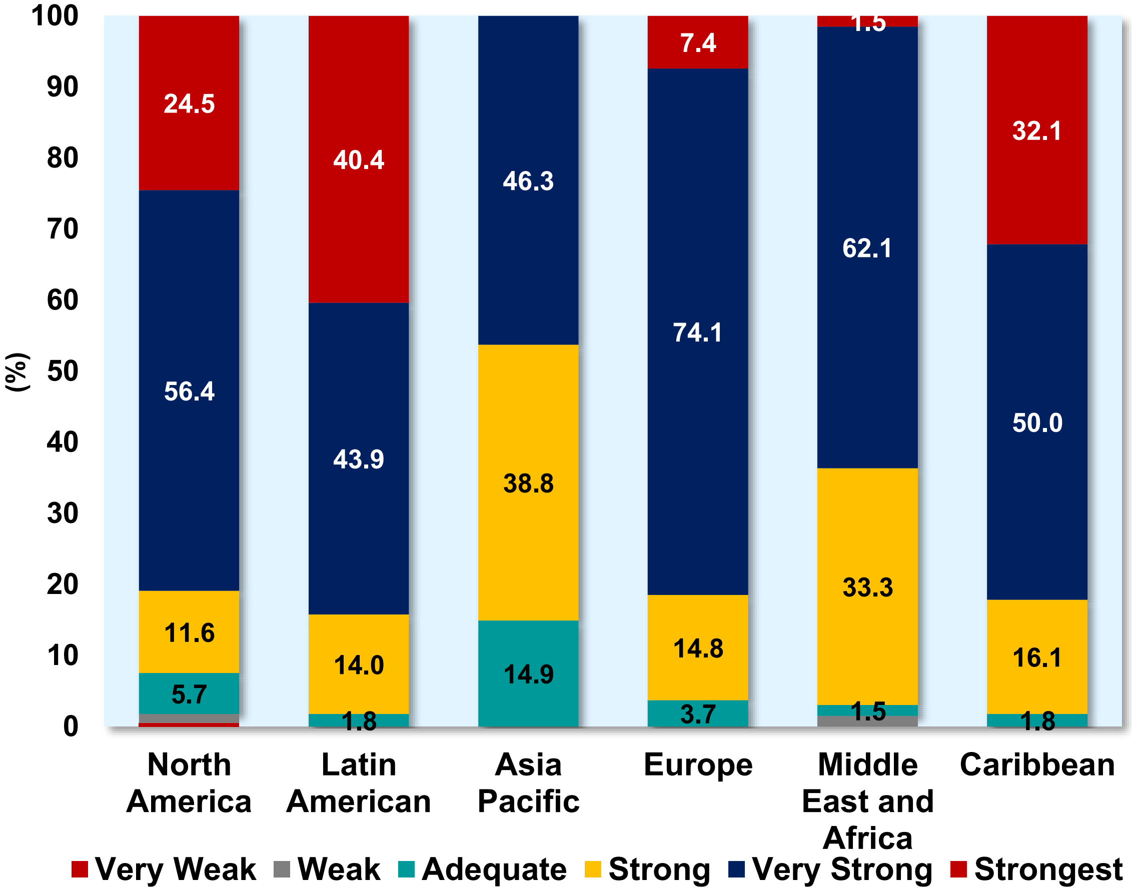


Balance Sheet Strength

All Rating Units: Balance Sheet Strength Assessment by Region (%)

	Very Weak	Weak	Adequate	Strong	Very Strong	Strongest	
North America	0.5	1.3	5.7	11.6	56.4	24.5	100
Latin American	0.0	0.0	1.8	14.0	43.9	40.4	100
Asia Pacific	0.0	0.0	14.9	38.8	46.3	0.0	100
Europe	0.0	0.0	3.7	14.8	74.1	7.4	100
Middle East and Africa	0.0	1.5	1.5	33.3	62.1	1.5	100
Caribbean	0.0	0.0	1.8	16.1	50.0	32.1	100

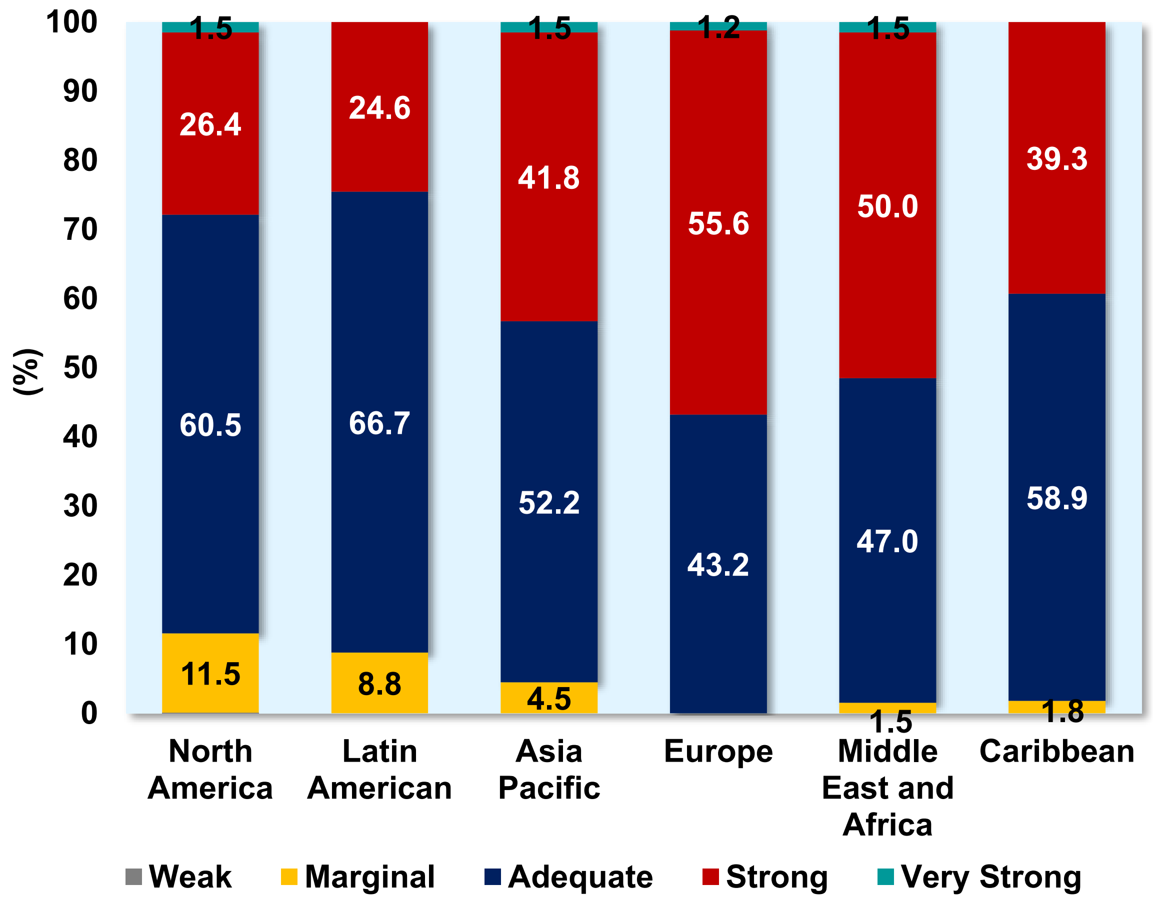
	Very Weak	Weak	Adequate	Strong	Very Strong	Strongest
New Zealand	0.0	0.0	47.1	5.9	47.1	0.0



Source: AM Best data and research

Operating Performance

All Rating Units: Operating Performance Assessment by Region (%)



	Weak	Marginal	Adequate	Strong	Very Strong
North America	0.1	11.5	60.5	26.4	1.5
Latin American	0.0	8.8	66.7	24.6	0.0
Asia Pacific	0.0	4.5	52.2	41.8	1.5
Europe	0.0	0.0	43.2	55.6	1.2
Middle East and Africa	0.0	1.5	47.0	50.0	1.5
Caribbean	0.0	1.8	58.9	39.3	0.0

	Weak	Marginal	Adequate	Strong	Very Strong
New Zealand	0.0	0.0	82.4	17.6	0.0

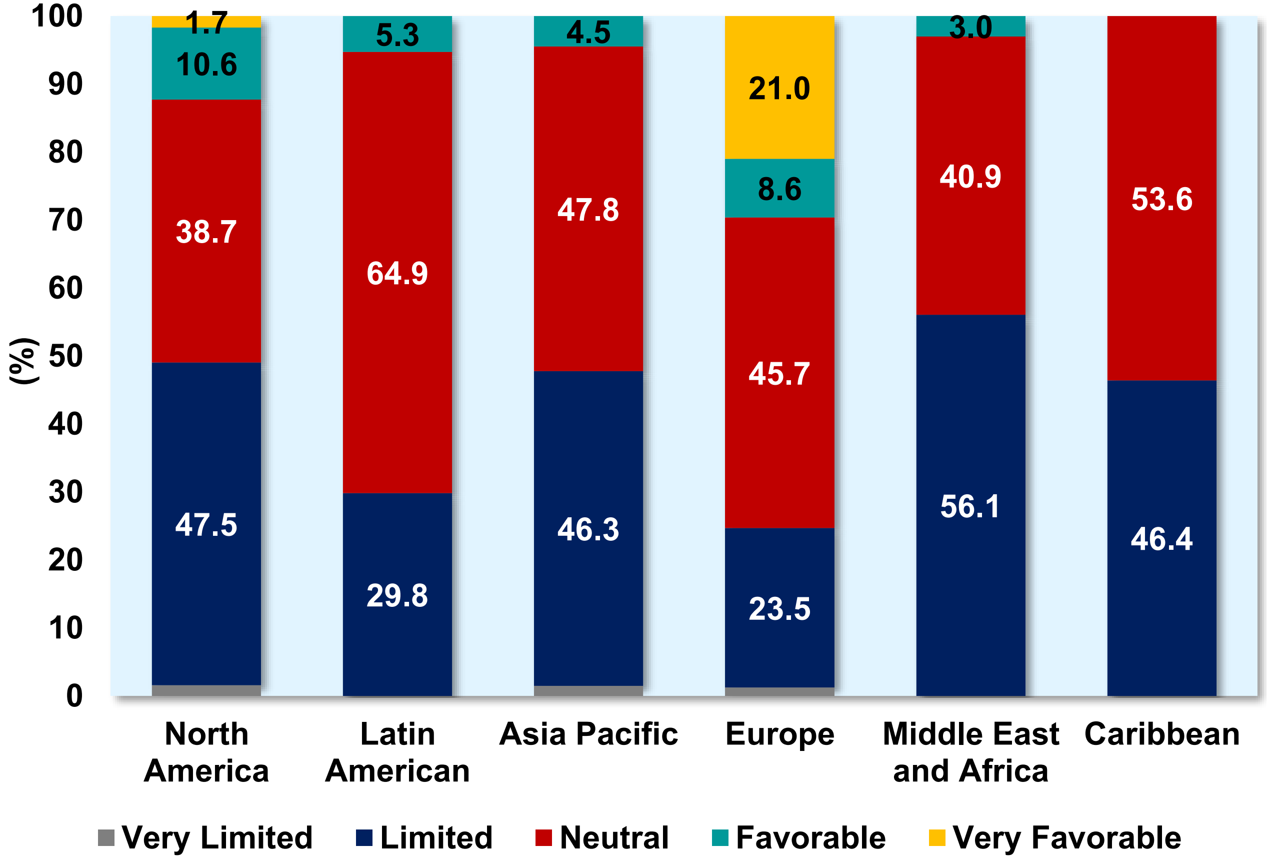
Source: AM Best data and research

Business Profile

All Rating Units: Business Profile Assessment by Region (%)

	Very Limited	Limited	Neutral	Favorable	Very Favorable
North America	1.6	47.5	38.7	10.6	1.7
Latin American	0.0	29.8	64.9	5.3	0.0
Asia Pacific	1.5	46.3	47.8	4.5	0.0
Europe	1.2	23.5	45.7	8.6	21.0
Middle East and Africa	0.0	56.1	40.9	3.0	0.0
Caribbean	0.0	46.4	53.6	0.0	0.0

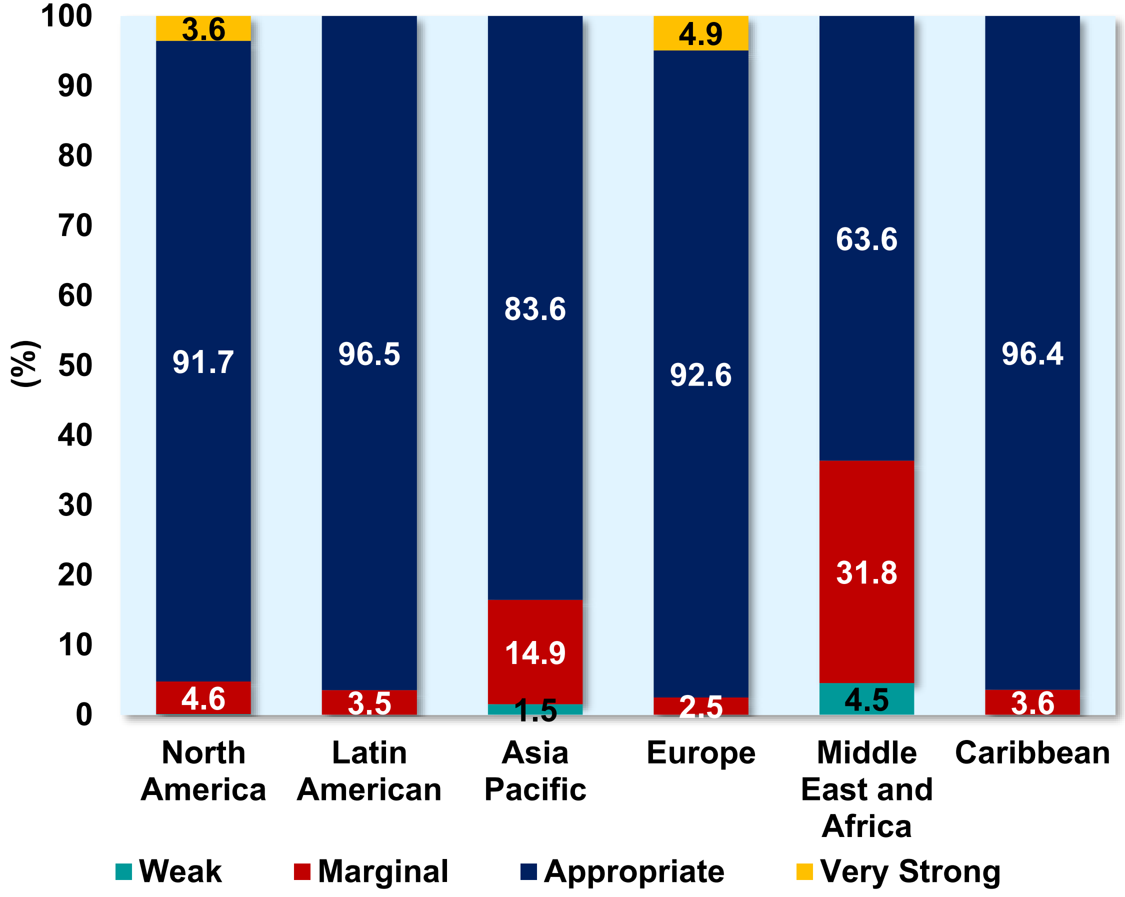
	Very Limited	Limited	Neutral	Favorable	Very Favorable
New Zealand	0.0	58.8	41.2	0.0	0.0



Source: AM Best data and research

Enterprise Risk Management

All Rating Units: Enterprise Risk Management Assessment by Region (%)



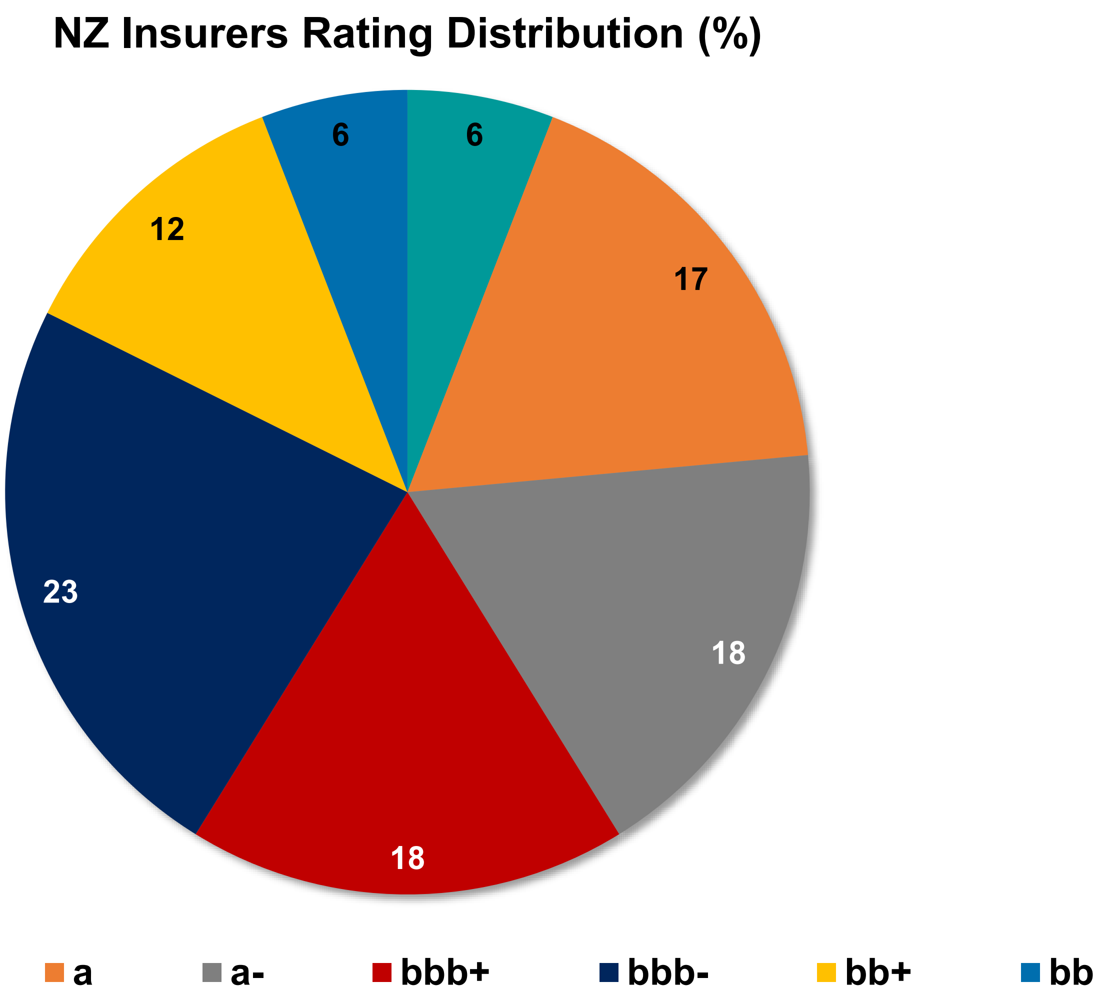
	Weak	Marginal	Appropriate	Very Strong
North America	0.1	4.6	91.7	3.6
Latin American	0.0	3.5	96.5	0.0
Asia Pacific	1.5	14.9	83.6	0.0
Europe	0.0	2.5	92.6	4.9
Middle East and Africa	4.5	31.8	63.6	0.0
Caribbean	0.0	3.6	96.4	0.0

	Weak	Marginal	Appropriate	Very Strong
New Zealand	0.0	5.9	94.1	0.0

Source: AM Best data and research

New Zealand Ratings

New Zealand Long-Term Issuer Credit Rating



Source: AM Best data and research

Market Segment Outlooks

Market Segment Outlooks – Definition

- 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;

1. Current and forecast economic conditions;
2. The regulatory environment and potential changes;
3. Emerging product developments;
4. Competitive issues that could impact the success of these companies;
5. Other items

Market Segment Outlooks – Definition

- 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.
- 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.
- 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.

Snapshot of AM Best's Market Segment Outlooks

AM Best currently publishes 62 market segment outlooks, across life, non-life, reinsurance markets and Delegated Underwriting Authority Enterprises (DUAEs).

	Global	Asia Pacific
43	Stable	12 Stable
15	Negative	
4	Positive	

Some Challenges Facing Different Markets

- **Climate risk, natural catastrophes**
- **Reinsurance availability, capacity, costs**
- **Social Inflation**
- **Inflation and interest rates**
- **Regulatory developments**
- **Geopolitical uncertainty**
- **Technology adoption**
- **Heightened vehicle repair cost**
- **Evolving demand**

Best’s Market Segment Report – New Zealand Non-Life

AM Best has **maintained its Stable outlook**

Factors considered in determining the outlook:

- **Resilient growth prospects driven by improving economic conditions and increasing demand for insurance.**
- **Improved reinsurance capacity amidst a softening global reinsurance market.**
- **Regulatory refinements strengthen market discipline but add operational challenges and cost pressures.**
- **Climate risk remains an ongoing concern.**
- **Profitability of health lines is expected to remain constrained, but signs of improvement are emerging.**

Best’s Market Segment Report – New Zealand Non-Life

Resilient Growth Prospects

- Economy is expected to recover as monetary policy shifts towards easing
- Insurance demand driven by increased risk awareness
- Evolving trend of customer-focused market, driving enhanced consumer experience

Improved Reinsurance Capacity

- Reliance on international reinsurance capacity
- Improved global reinsurance conditions
- Absence of major natural catastrophe events in recent years

Operational Challenges Arising from Regulatory Refinements

- Growing number of legislative and regulatory requirements
- Increased operational complexity
- Short-term cost pressure

Best’s Market Segment Report – New Zealand Non-Life

Climate Risk Remains an Ongoing Concern

- A material risk for the non-life market
- Major events cause earnings volatility and affordability issues

Constrained Profitability for Health Lines

- Despite signs of recovery, profitability in the health insurance segment is expected to remain constrained over the near term
- Remediation measures may cause higher policy lapses

Best's Market Segment Report – New Zealand Life

AM Best has **maintained its Stable outlook**

Factors considered in determining the outlook:

- **Improving economic conditions, but premium growth is expected to be muted over the short term.**
- **Ongoing regulatory refinements that support market discipline, albeit at a cost.**
- **Digitalisation brings about new risks to operational resilience and opportunities.**
- **Robust capital adequacy supported by a conservative approach to capital management.**

Best's Market Segment Report – New Zealand Life

Muted Growth Over the Short Term

- The economy is expected to recover as monetary policy shifts towards easing
- Despite this, premium growth is expected to remain low in the near term
- Persistent cost of living pressures, high household debt, and weak real wage growth continue to constrain discretionary spending on protection products

Regulatory Refinements

- Ongoing regulatory and legislative refinements support market discipline
- Rising operational complexity and cost pressure for insurers
- Significant investment, especially for smaller insurers

Digitalisation and Technology

- Adoption of advanced data infrastructure and digital capabilities introduce new efficiencies
- Increased exposure to data security and cyber threats

Robust Capital Adequacy

- Conservative approach to capital management
- Robust capital buffer despite second amendment to the Interim Solvency Standards

Q&A

Thank you!

AM BEST

Performance Assessment for Delegated Underwriting Authority Enterprises (DUAEs)

Johnathan Wong – Regional Market Development Manager, SE Asia & Oceania

13th November 2025

AM Best Insurance Market Briefing – New Zealand

What is a Delegated Underwriting Authority Enterprise (DUAE)?

DUAE: Third party entity contracted by a (re)insurer to perform underwriting, claims handling, and/or administrative functions for their carrier partners. In Australia, CPS 230 captures DUAE's as service providers. DUAE is a blanket term for:

- **Appointed Representatives**
- **Coverholders**
- **Direct Authorizations**
- **Managing General Agents**
- **Managing General Underwriters**
- **Program Administrators**
- **Program Underwriters**
- **Underwriting Agencies**

Functions can include:

- Binding coverage
- Underwriting and pricing
- Settling claims
- Appointing retail and commercial agents
- Accessing niche segments and markets
- Managing all or part of the insurance business of an insurer
- Acting as insurance agent or broker for the insurer
- Working as intermediary between insurers, agents, and insured

Australia: APRA Prudential Standards

CPS 230 (Operational Risk Management):

CPS 230 became effective 1 July 2025 for all APRA regulated entities

CPS 230 applies to pre-existing contractual arrangements in place with service provider(s) by the next renewal date of the contract or by 1 July 2026

- Insurers are now required to assess the operational risk posed to them by their material service providers, including MGAs. Specifically, they are required to assess and determine whether their service provider's internal operational risk framework is sound and operates effectively.

- Service providers (MGAs) are required to demonstrate the prudent identification and management of risks, controls, obligations, incidents and issues.

CPS 234 (Information Security):

CPS 234 became effective 1 July 2019 for all APRA regulated entities

Applies to all third-party service providers handling information assets of APRA-regulated entities

- Insurers must have, implement and maintain information security capabilities such that they can deal with information security vulnerabilities and threats.

- Third-party service providers (MGAs) must also implement adequate information security controls to protect any APRA-regulated entity data.

Best's Performance Assessment for Delegated Underwriting Authority Enterprises (PA For DUAEs)

A PA for DUAE can add value to the Australian marketplace by providing an independent assessment tool for carriers and DUAEs which assists them satisfy CPS 230 and CPS 234 requirements.

- Forward looking, independent, and objective non-credit opinion of a DUAE's ability to service business partners.
- Provides greater transparency to DUAEs, as it offers a global benchmark across all types and sizes of delegated authority organizations.
- Can be used by DUAEs to differentiate themselves in the marketplace, and users of DUAEs can use the PA as a tool for evaluating and selecting the right partner for their business.
- A DUAE and carrier can use the PA to satisfy the CPS 230 and CPS 234 requirements.

AM Best’s Process for Assessing DUAEs

AM Best uses quantitative and qualitative elements to assess the strengths and weaknesses of a DUAE.

Our interactive process entails:

- Gathering information.
- Engaging with clients in a formal management meeting.
- Assessing key factors.
- Assessment committee interaction.
- Public dissemination (if the DUAE agrees).
- Performance Assessment Report.

Preparation for a DUAE Meeting

An AM Best analyst manages the ongoing interaction with company management and conducts the fundamental analysis.

Our assessment process typically takes six to eight weeks* and is completed annually.

Sample of Annual Meeting Information Requests

- Annual Audited Financial Statements.
- Independent Actuarial Analysis of Reserves.
- Best's Supplemental Performance Assessment Questionnaire (SPAQ) Submission.
- Quarterly Filing.

Sample of Assessment Review Materials

- Underwriting Framework/Policy
- Disaster Recovery
- Data Security Policy
- Cyber Insurance Policy/E&O Policy
- Document Retention Plan
- Continuity/Succession Plans
- Surety Bond
- Management Bios

* Once company data is submitted

PA for DUAEs – Assessing Key Components

Underwriting Capabilities

Assessment	Points
Exceptional	10
Excellent	8
Strong	6
Fair	4
Weak	2

Sub-assessment Factors

- Quality of underwriting
- Underwriting results
- Underwriting competitive advantage
- Proprietary data and analytics
- Experience of underwriting staff
- Technology in the underwriting process
- Limitations on exceptions/risk appetite

Example of analysis undertaken

- Historical underwriting trends, volatility of underwriting results and expected future underwriting performance, such as:
  - Written premium.
  - Earned premium.
  - Paid loss and loss adjustment expense.
  - Case incurred loss and loss adjustment expense.
  - Incurred but not reported (IBNR) reserves.
- DUAE's data quality and usage in relation to:
  - premium pricing.
  - loss reserve development patterns.
  - IBNR as part of the ongoing assessment.
- Commission structures.
- Controls regarding risk selection.

Governance and Internal Controls

Assessment	Points
Exceptional	10
Excellent	8
Strong	6
Fair	4
Weak	2

Sub-assessment Factors

- Alignment of interests
- Systems
- Audits and other management reports
- Policies and procedures
- Key person risk plan
- Service measures
- Binding contracts
- Broker contracts
- Partnerships with TPAs
- Disaster recovery plan

Example of analysis undertaken

- Alignment of business strategy and risk management between the DUAE and the carrier.
- Extent of classification that the DUAE has used regarding all information assets and how data is transmitted securely and productively among parties.
- Third-party IT risk assessments.
- Design and operating effectiveness of information security controls used by the DUAE.
- Cyber security and data protection processes.
- Systematic testing programs.
- Continuity/succession plans.
- Operational risk profile.
- Design of controls and testing reports, including incident management reports and tracking service measures.
- Governance framework.
- Critical operations and tolerance levels.
- Monitoring and reporting requirements for external entities used by a DUAE.
- Internal policies and procedures, such as:
  - data security policies
  - cyber insurance policies
  - document retention plan
- DRP coverage of key business operations, data backup, recovery point objectives, security procedures, tolerable downtimes.

Financial Condition

Assessment	Points
Exceptional	10
Excellent	8
Strong	6
Fair	4
Weak	2

Sub-assessment Factors

- Analysis of financial metrics
- Participation in risk sharing

Example of analysis undertaken

- Audited financial statements
- Cash flow evaluation
- Stability and sources of income
- Leverage and coverage measures
- Ratios
- Balance sheet
- Covenant commitments
- Service commitments
- Client funds

Organisational Talent

Assessment	Points
Exceptional	5
Excellent	4
Strong	3
Fair	2
Weak	1

Sub-assessment Factors

- Tenure
- Training programs
- Executive experience
- Organizational structure

Example of analysis undertaken

- Tenure metrics against industry.
- Skills, training and experience of employees in critical roles.
- Extent of management's relationships, track record and experience.
- Operational structures supporting programs.

Depth & Breadth of Relationships

Assessment	Points
Exceptional	5
Excellent	4
Strong	3
Fair	2
Weak	1

Sub-assessment Factors

- Number of programs and markets
- Consistency of relationships
- Geographic reach
- Retention of clients

Example of analysis undertaken

- Portfolio of programs, level of expertise, access to business and level of program diversification.
- Depth and quality of partner relationships.
- Geographic locations of the programs offered, diversification.
- History of non-renewals and extent of turnover of business.

DUAE Assessment Outcomes

- A PA is assigned an outlook of Positive, Stable, or Negative.
- PAs are maintained/surveilled/updated annually, if the DUAE remains in the assessment process.
- Withdrawal of a PA will need a final assessment.

Best's PA Scale and Assessment Categories

Assessment Categories	Assessment Symbols	Assessment Ranges
Exceptional	PA-1	34-40
Excellent	PA-2	27-33
Strong	PA-3	20-26
Fair	PA-4	13-19
Weak	PA-5	Up to 12

A better overall PA indicates that the DUAE is more likely to:

- Achieve greater long-term stability through effective business
- Maintain a strong financial profile
- Provide high-level service
- Maintain strong business relationships & governance

Benefits of a PA for DUAEs for the Marketplace

- Targeted information and understanding of a DUAE's services, specialties and capabilities.
- Uniform approach to DUAE evaluation by a respected third party.
- Promotes trust and confidence in the selection process for all parties.
- Provides valuable insight and knowledge of a DUAE.

Streamlines and standardizes processes and information exchanges between DUAEs, carriers and third parties, including regulators and auditors.

Identifies gaps in processes/procedures and highlights opportunities for improvement.

Supports underwriting disciplines across DUAEs and their partners.

Improves practices in monitoring and benchmarking performance over time.

Benefits of a Performance Assessment for Specifically for DUAEs

- Establishes credibility and trust within the insurance industry and APRA as covers CPS 230 and CPS 234 expectations.
- Differentiates capabilities from competitors to assist DUAE in securing capacity from carriers and capital from investors.
- Demonstrates expertise and effectiveness in key operational areas.
- Provides a uniform and independent evaluation of DUEAs from a respected third party.
- Offers a global benchmark across all types and sizes of DUAEs.
- Showcases transparency to the marketplace.
- Enhances a DUAEs marketing and promotional efforts.

DUAEs Receiving a BestMark for Their Performance Assessment

Enables the BestMark to be showcased in marketing materials: websites, print ads, brochures, web ads, social media, email signatures, business cards, and conference and events materials.

AM BEST PA-1 EXCEPTIONAL Performance Assessment

AM BEST PA-1 EXCEPTIONAL Performance Assessment

AM BEST PA-2 EXCELLENT Performance Assessment

AM BEST PA-1 EXCEPTIONAL Performance Assessment

Published Performance Assessments

Assessment Unit	Performance Assessment	Outlook	Country of Domicile	Effective Date
Ryan Specialty Underwriting Managers	PA-1	Stable	United States	May 27, 2025
Amwins Group	PA-1	Stable	United States	Nov 04, 2024
Excess Reinsurance Underwriters	PA-2	Stable	United States	Oct 04, 2024
Dynamic Reinsurance LLC	PA-2	Stable	Mexico	Jun 30, 2025
Delta International	PA-2	Stable	New Zealand	Sep 10, 2025
Corin Underwriting Limited	PA-3	Stable	United Kingdom	Oct 11, 2024
Redbridge Group	PA-3	Stable	United States	Feb 20, 2025
First Indemnity Insurance	PA-3	Stable	United States	Sep 09, 2024
CargoCorp Underwriters Inc.	PA-3	Positive	United States	Jul 17, 2025
Kay International	PA-3	Stable	UAE	Apr 04, 2025
Keane Specialty Insurance LLC	PA-4	Stable	United States	Jul 10, 2025

AM Best Contact Information

Rob Curtis – CEO & Managing Director
AM Best – Rating Services
6 Battery Road, #39-04, Singapore, 049909
Tel: +65 6303 5007 | Mobile: +65 9633 6118 (no SMS)
Email: rob.curtis@ambest.com

Johnathan Wong – Market Development Manager
AM Best – Rating Services
6 Battery Road, #39-04, Singapore, 049909
Tel: +65 6303 5014 | Mobile: +65 8940 9780 (No SMS)
E-mail: Johnathan.wong@ambest.com

Thank You

Disclaimer