AM BEST

AM Best's Reinsurance Market Outlook

Greg Carter – Managing Director, AM Best

Tuesday, 4 November 2025

Agenda

- Global Reinsurance Outlook
- Northeast Asia Market Developments
- Southeast Asia Market Developments
- Mock Rating Committee Presentation
- Interactive Q&A

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	

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 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

AM Best's Key Themes

Reinsurers remain disciplined

Payback to investors continues

Supply / demand equilibrium

Maintaining disciplined allocation

Positive outlook

Sustainable profitability

Thank You

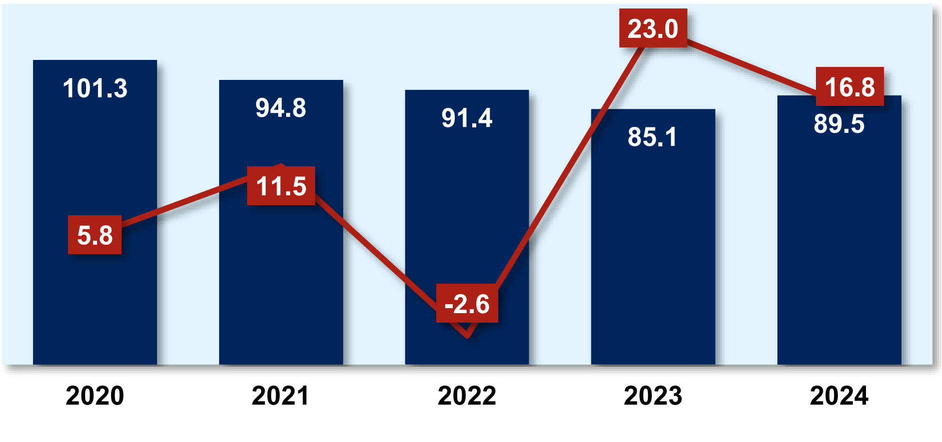
Northeast Asia Reinsurance Developments

Christie Lee – Senior Director, AM Best

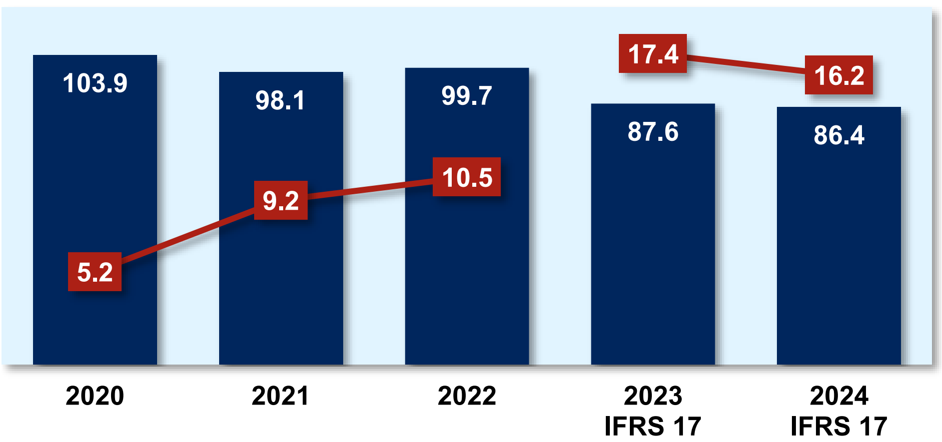
Tuesday, 4 November 2025

Global Reinsurance Market Performance by Reinsurance Sector

US & Bermuda



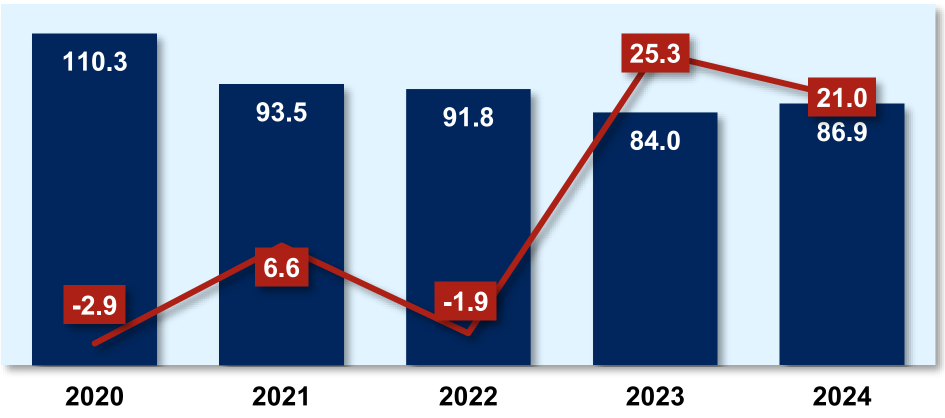
European "Big Four"



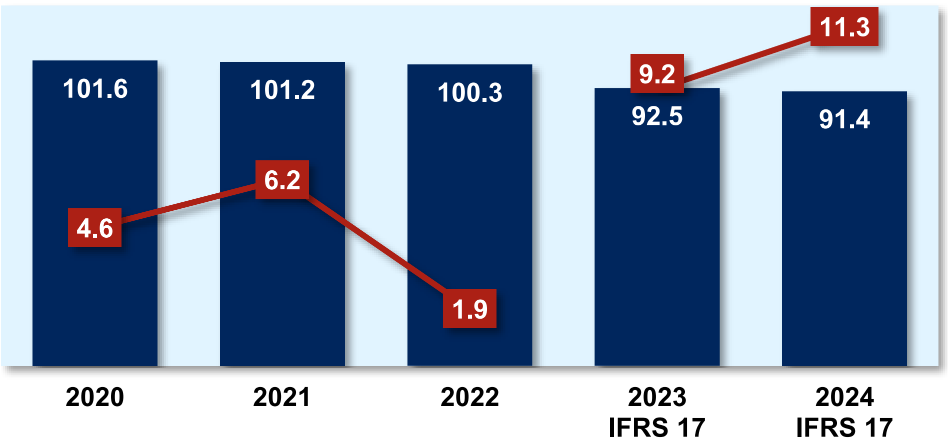
Combined Ratio

Return on Equity

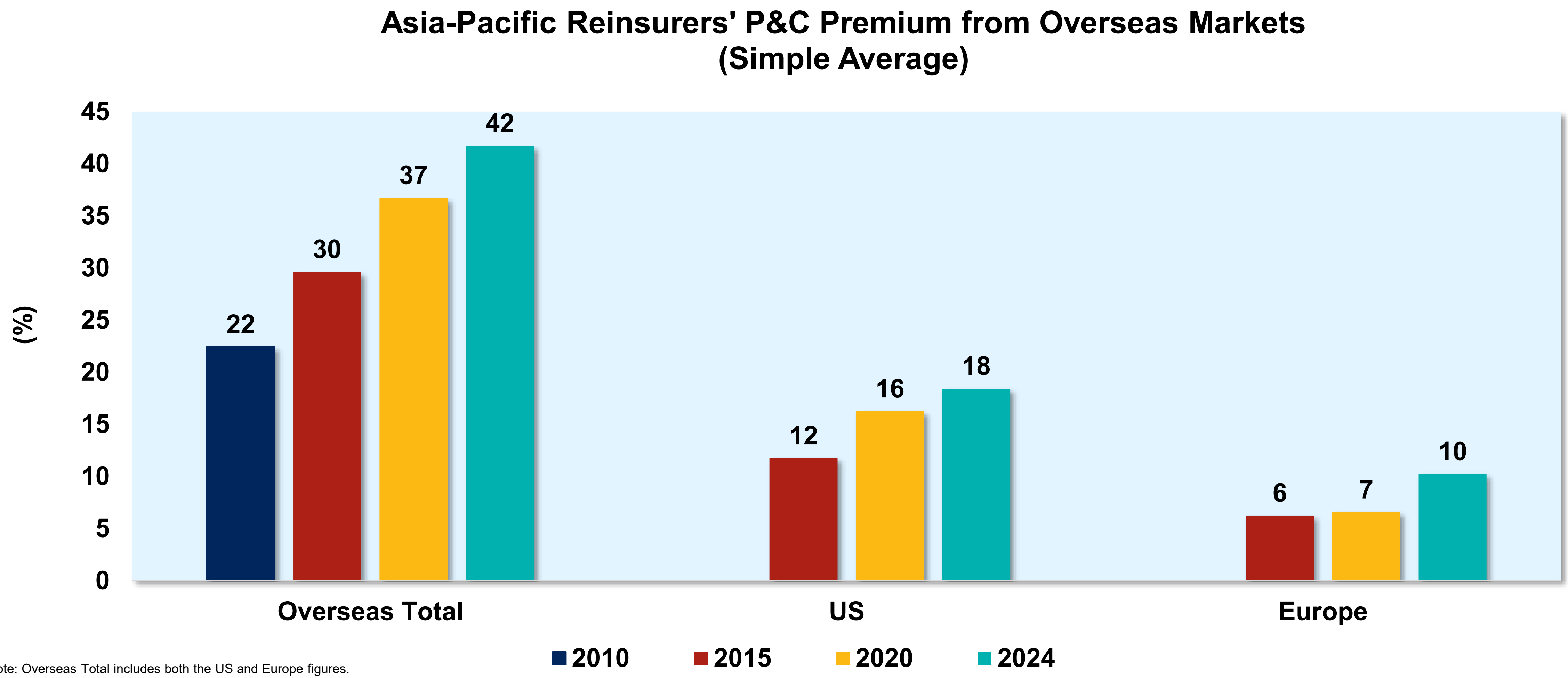
Lloyd's



Asia Pacific



AP Reinsurers' Global Diversification



Note: Overseas Total includes both the US and Europe figures.
Source: AM Best data and research

Northeast Asia Reinsurance Market Outlook

Tailwinds

- Demand driven by regulatory changes, economic growth and government's infrastructure investment
- Segment set to report strong operating results – from portfolio rebalanced, business diversification and benign catastrophe activities
- Global diversification and segment diversification benefits growth, stability and capital efficiency
- Segment remains well capitalized as evidenced by continued growth in dedicated capital
- Although competitive conditions increased in property cat, pricing supports attractive margins
- Reinsurers remained disciplined with terms and conditions and attachment points largely intact
- Investment result remains supportive

Headwinds

- Increased competition from reinsurers' growth initiatives, while Japan's reinsurance demand decreased in 2025
- Increased frequency and severity of catastrophic loss activity, especially from secondary perils
- Continued macroeconomic and geopolitical uncertainty

Thank You

South/Southeast Asia Reinsurance Developments

Chris Lim – Associate Director, AM Best

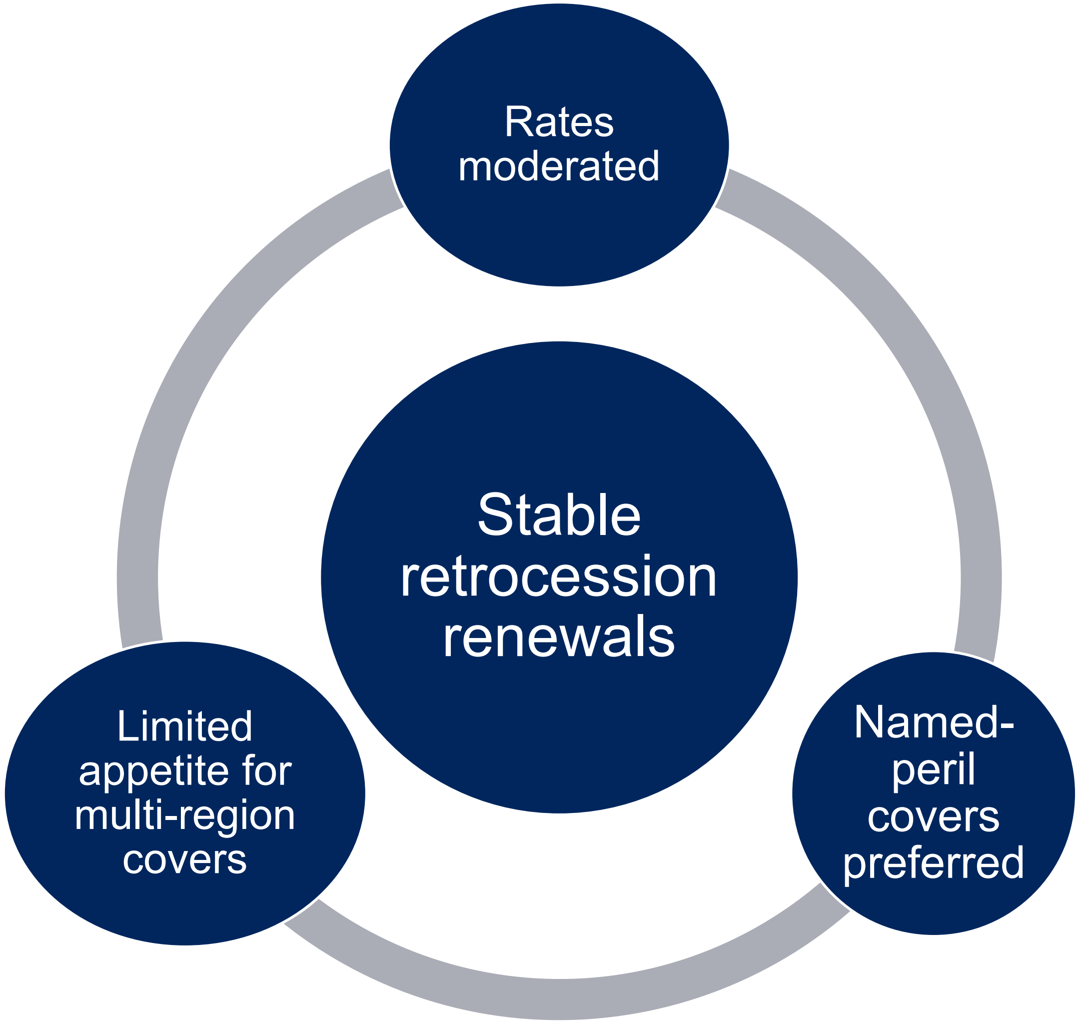
Tuesday, 4 November 2025

South/Southeast Reinsurance Market Updates

Favourable Earnings in 2024

- Benign catastrophe environment
- Improved rates and terms from prior market corrections
- Elevated Interest Rates

Moderating Retrocession Market Conditions



Retrocession rates softened following the sharp corrections in previous years

Despite Competitive Pressures, Market Remains Attractive

Competition

- Intensifying competition
- Treaty over-placements

Rates

- Downward pressure on rates

Margins

- Robust - Though may be approaching a cyclical peak

Attractiveness

- Still attractive
- More favourable than pre-correction times

Differentiated Appetite - Caution Toward Weather Events

Firm or rising rates in loss-hit portfolios

Market softening in well-performing segments

Notable catastrophe events in 2024

Vietnam

- Typhoon Yagi - Largest insured loss event in Vietnam

Philippines

- Typhoons Trami and Gaemi

India

- Widespread flooding

Seeking Diversification

Geography

- Expanding beyond home markets to seek non-correlated exposures

Line of Business

- Diversifying to non-property lines

Distribution

- Increasing usage of managing general agents (MGA's)

Regulatory Reforms in India – Aligning Capacity and Demand

Reinsurance Capacity

- International Financial Services Centre Insurance Offices (IIO’s) in GIFT City granted parity with Foreign Reinsurance Branches (FRB’s) in the order of preference
- Meaningful increase in foreign reinsurer participation in India

Reinsurance Demand

- Strong expansion in retail and commercial lines
- Rising insurance penetration
- Supporting risk transfer needs

Upcoming Regulatory Developments Shaping the Reinsurance Markets

Australia	Proposal to facilitate easier access to different forms of reinsurance, including alternative arrangements like insurance-linked securities	↑ **Reinsurance Capital**
Malaysia	Introduction of a new catastrophe risk charge as part of capital framework update	↑ **Reinsurance Demand**

Near Term Expectations

- Attractive pricing levels – though competition to drive margin erosion
- Broadly stable reinsurance structures
- Cautious appetite for weather-exposed risks
- Favourable interest income – taking on higher investment risk
- Capacity-rich - growth potential for alternative capital
- Growing reinsurance demand

Thank You

Mock Rating Committee Presentation

Greg Carter – Managing Director, AM Best
James Chan–Director, AM Best
Sin Yee Chuah – Senior Financial Analyst
Christie Lee – Senior Director, AM Best
Victoria Ohorodnyk – Director, AM Best

Tuesday, 4 November 2025

This session has live Q&A – please submit your questions via the QR Code

Agenda

- Best’s Credit Rating Methodology
- Mock Rating Committee
- The Committee Vote
- Audience Vote
- Decision and Summary
- Q&A

Rating Committee Quorum & Voting

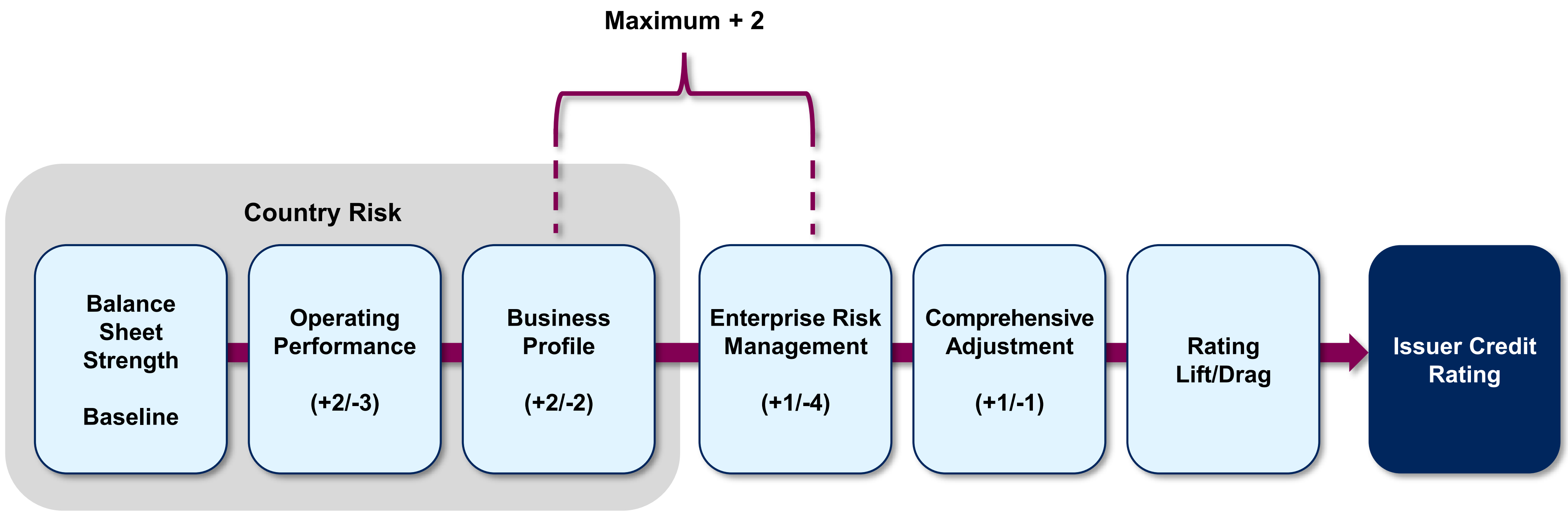
Voting quorum – minimum of six members, including at least two Directors or higher

Simple majority vote is acceptable for the approval of any rating action

Chair can break tie or refer the decision to a higher committee

Voting members must have at least 6 months' experience, passed compliance requirements and have no conflicts of interest

Best's Credit Rating Methodology – Building Block Assessments

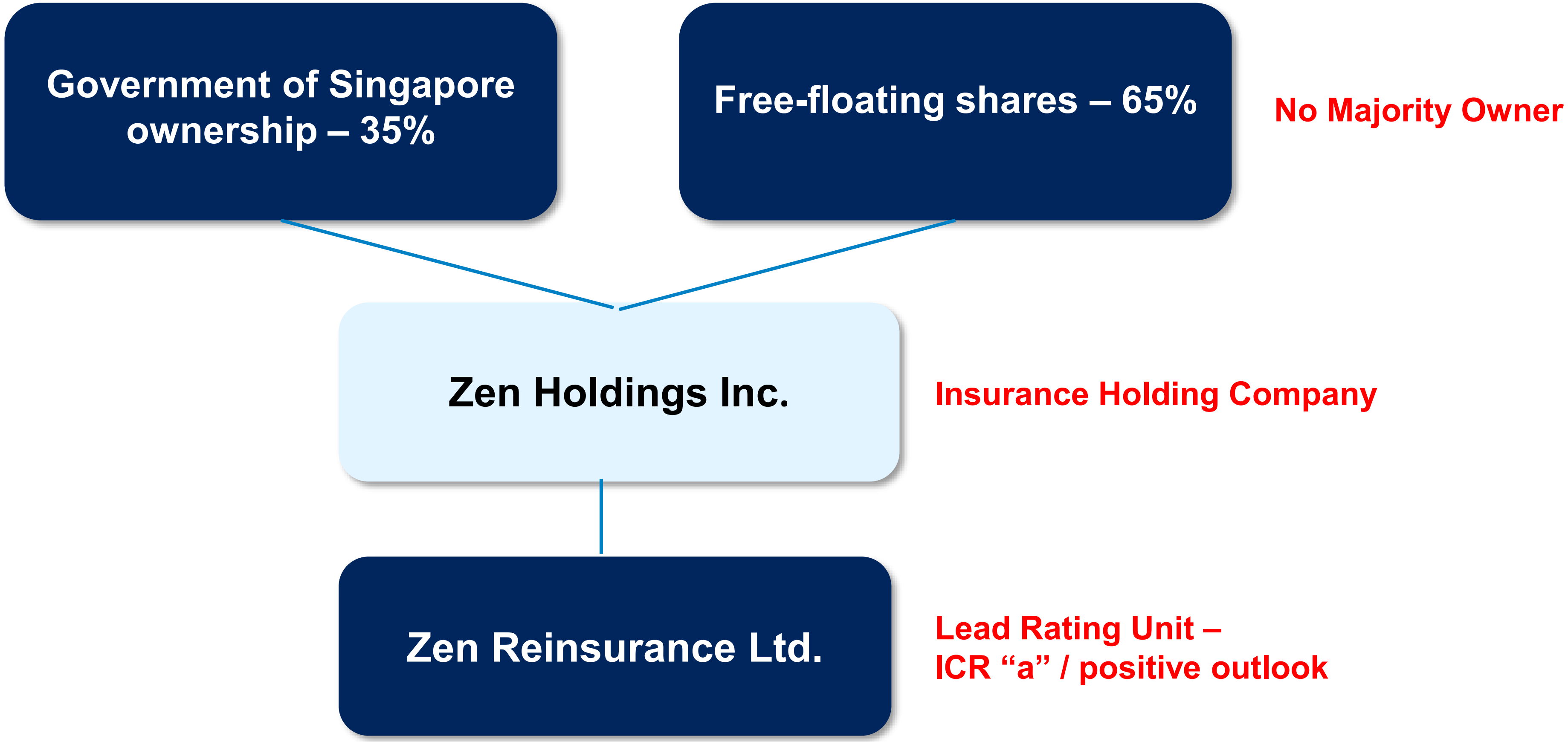


BCRM Rating Translation Table

Long-Term ICR	FSR
aaa, aa+	A++
aa, aa-	A+
a+, a	A
a-	A-
bbb+, bbb	B++
bbb-	B+
bb+, bb	B
bb-	B-
b+, b	C++
b-	C+
ccc+, ccc	C
ccc-, cc	C-
c	D

Mock Rating Committee

Organizational Structure

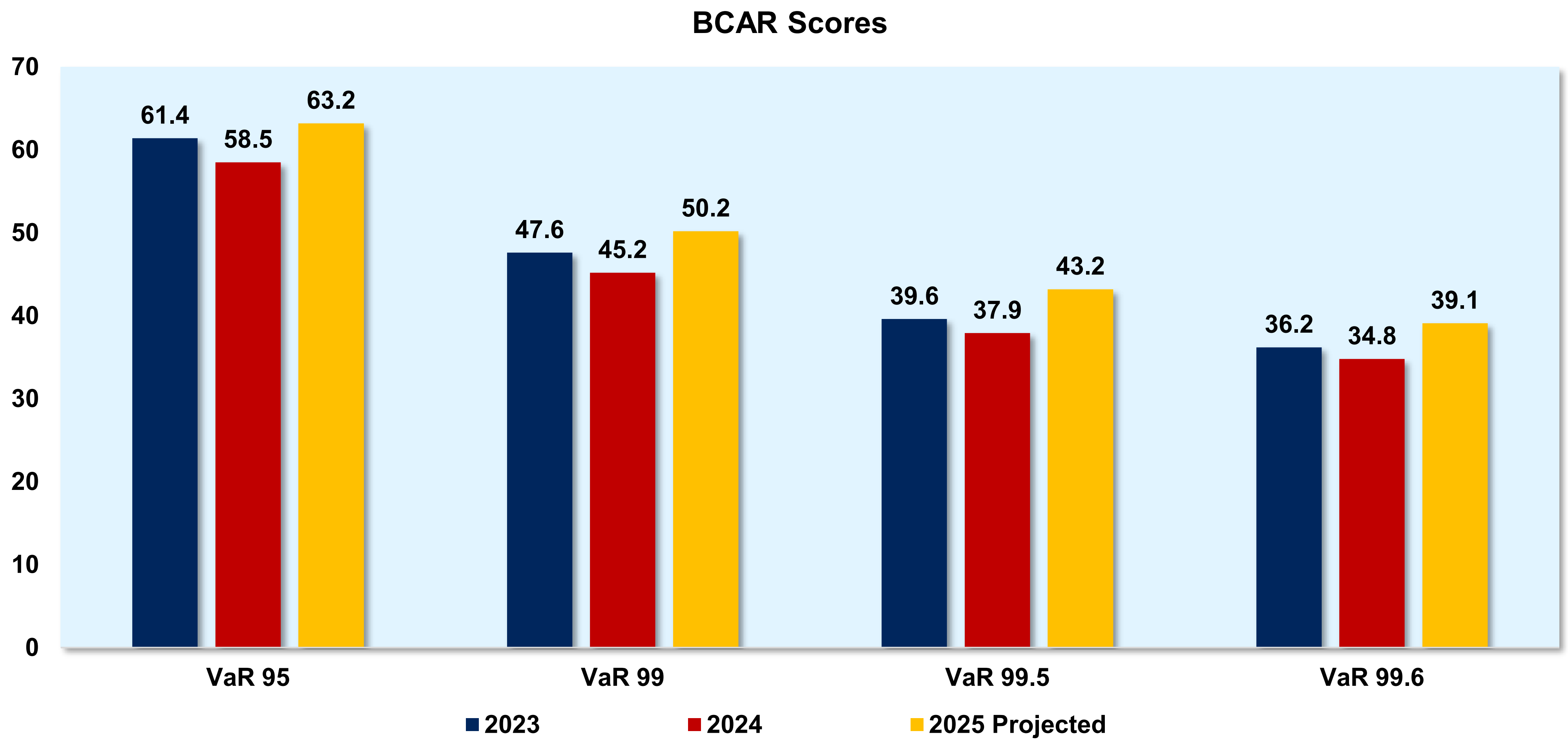


Building Blocks – Zen Re

Country Risk

	Balance Sheet Strength Baseline	Operating Performance (+2/-3)	Business Profile (+2/-2)	Enterprise Risk Management (+1/-4)	Comprehensive Adjustment (+1/-1)	Rating Lift/Drag	Issuer Credit Rating
Current	(a) Very Strong	0 (Adequate)	0 (Neutral)	0 (Appropriate)	0 (None)		a (Positive)
Recommendation	(a) Very Strong	+1 (Strong)	0 (Neutral)	0 (Appropriate)	0 (None)		a+ (Stable)

Zen Re BCAR Summary



BCAR Guidelines

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

VaR Level (%)	BCAR	BCAR Assessment
99.6	> 25 at 99.6	Strongest
99.6	> 10 at 99.6 & ≤ 25 at 99.6	Very Strong
99.5	> 0 at 99.5 & ≤ 10 at 99.6	Strong
99	> 0 at 99 & ≤ 0 at 99.5	Adequate
95	> 0 at 95 & ≤ 0 at 99	Weak
95	≤ 0 at 95	Very Weak

* Companies with < 20 million USD in capital & surplus cannot qualify in strongest category

Balance Sheet Strength Sub-Component Assessments

Quantitative Components	Assessment
BCAR Assessment	Strongest
Volatility of BCAR	Positive
BCAR Stress Testing	Neutral
Liquidity	Positive
Asset Liability Management	Positive
Internal Capital Models	Neutral
Financial Leverage	N/A
Operating Leverage	N/A

Qualitative Components	Assessment
Quality of Capital	Positive
Quality of Reinsurance	Positive
Reinsurance Dependence	Neutral
Appropriateness of Reins Program	Positive
Fungibility of Capital	Neutral
Financial Flexibility	Positive
Quality of Assets	Positive
Strength of Reserves	Neutral
Regulatory Capital Position	Positive

Rating Unit BSS Assessment = Very Strong

Holding Company Analysis

- Insurance holding company does not have a majority owner
- Adjusted financial leverage is elevated at 28%
- Interest coverage is positive at 8x
- Debt is in the form of subordinated bonds
- No other revenue streams outside of insurance operations
- Dividends from operating company used to service the debt
- Consolidated BCAR is at the Strongest level

Holding Company Assessments

Holding Co Analysis	Assessment
Consolidated BCAR	Strongest
Financial Flexibility / Liquidity	Neutral
Unadjusted Financial Leverage	Neutral
Adjusted Financial Leverage	Neutral
Interest Coverage	Positive
Operating Leverage	N/A
Intangible Assets	Neutral

- Consolidated BCAR indicates risk-adjusted capitalization is at the “strongest” level
- Some pressure from elevated financial leverage, but coverage is strong
- Overall holding company impact assessed as “neutral”

Balance Sheet Strength Assessment

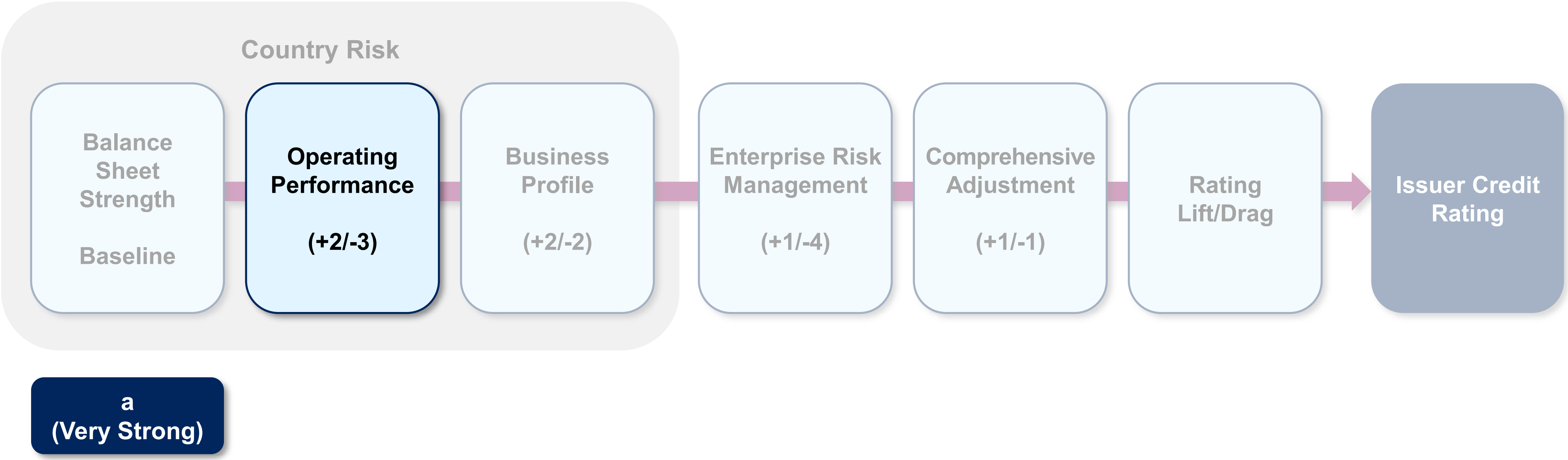
Lead Rating Unit	Holding Company Impact: Positive	Neutral	Negative	Very Negative
Strongest	Strongest	Strongest	Very Strong	Adequate
Very Strong	Strongest	Very Strong	Strong	Weak
Strong	Very Strong	Strong	Adequate	Very Weak
Adequate	Strong	Adequate	Weak	Very Weak
Weak	Adequate	Weak	Very Weak	Very Weak
Very Weak	Weak	Very Weak	Very Weak	Very Weak

Balance Sheet Strength Assessment

Rating Unit Balance Sheet Assessment	Country Risk Tier				
	CRT-1	CRT-2	CRT-3	CRT-4	CRT-5
Strongest	a+/a	a+/a	a/a-	a-/bbb+	bbb+/bbb
Very Strong	a/a-	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-
Strong	a-/bbb+	a-/bbb+	bbb+/bbb/bbb-	bbb/bbb-/bb+	bbb-/bb+/bb
Adequate	bbb+/bbb/bbb-	bbb+/bbb/bbb-	bbb-/bb+/bb	bb/bb-	bb/bb-/b+
Weak	bb+/bb/bb-	bb+/bb/bb-	bb-/b+/b	b+/b/b-	b/b-/ccc+
Very Weak	b+ and below	b+ and below	b- and below	ccc+ and below	ccc and below

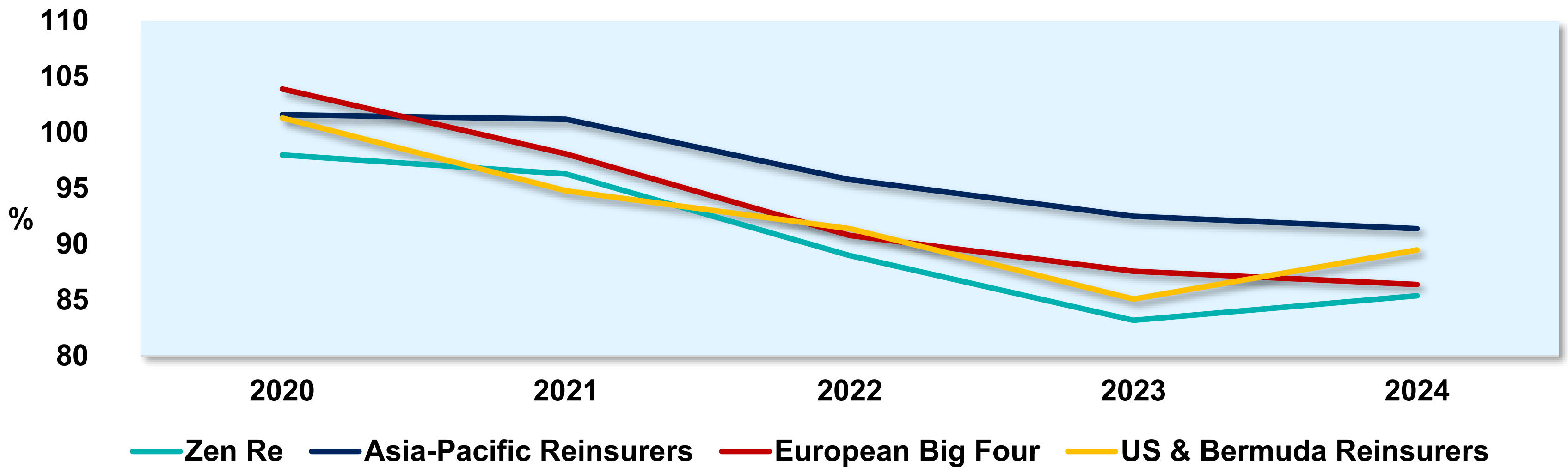
Balance Sheet Strength Assessment = Very Strong ‘a’ ICR

Building Blocks



Operating Performance

5 Year Combined Ratio Trend



Combined Ratio Trend					
	IFRS 4		IFRS 17		
	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Zen Re	98.0	96.3	89.0	83.2	85.4
Asia-Pacific Reinsurers	101.6	101.2	95.8	92.5	91.4
European “Big Four”	103.9	98.1	90.8	87.6	86.4
US & Bermuda Reinsurers	101.3	94.8	91.4	85.1	89.5

Zen Re’s Strong Operating Performance Supported By:

Solid underwriting discipline, demonstrated by sustained improvement in underwriting performance in recent periods

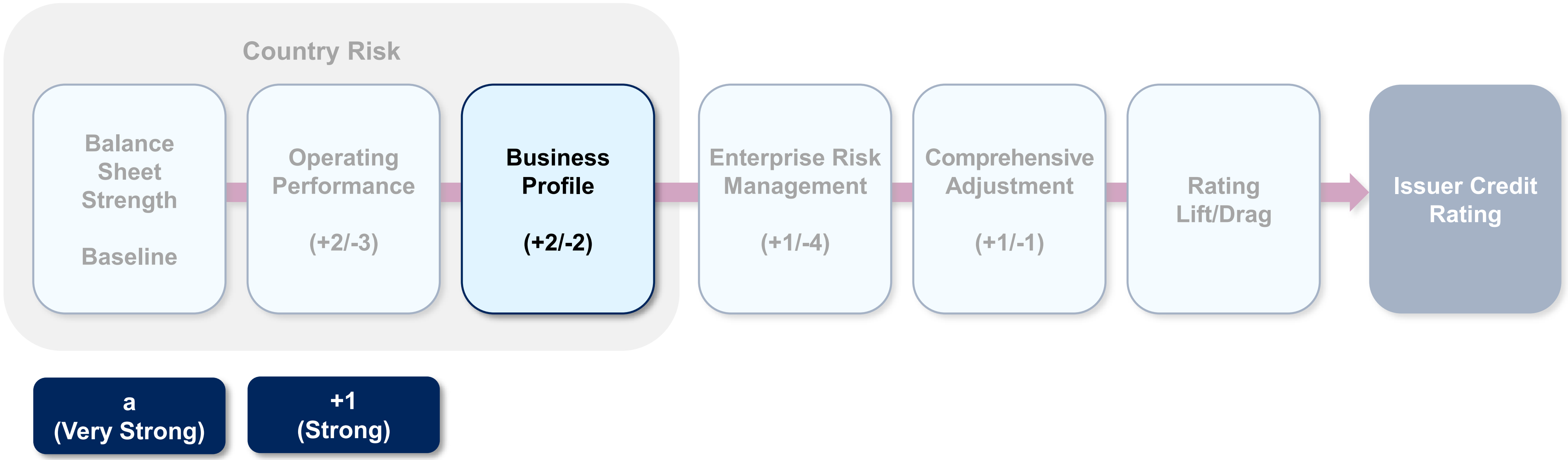
Trend of positive earning, relative to peers and internal targets

Concentration/Exposure Refinement supports CAT exposure management

Optimised retrocession programme, including use of ILS

Investment income supports overall profitability

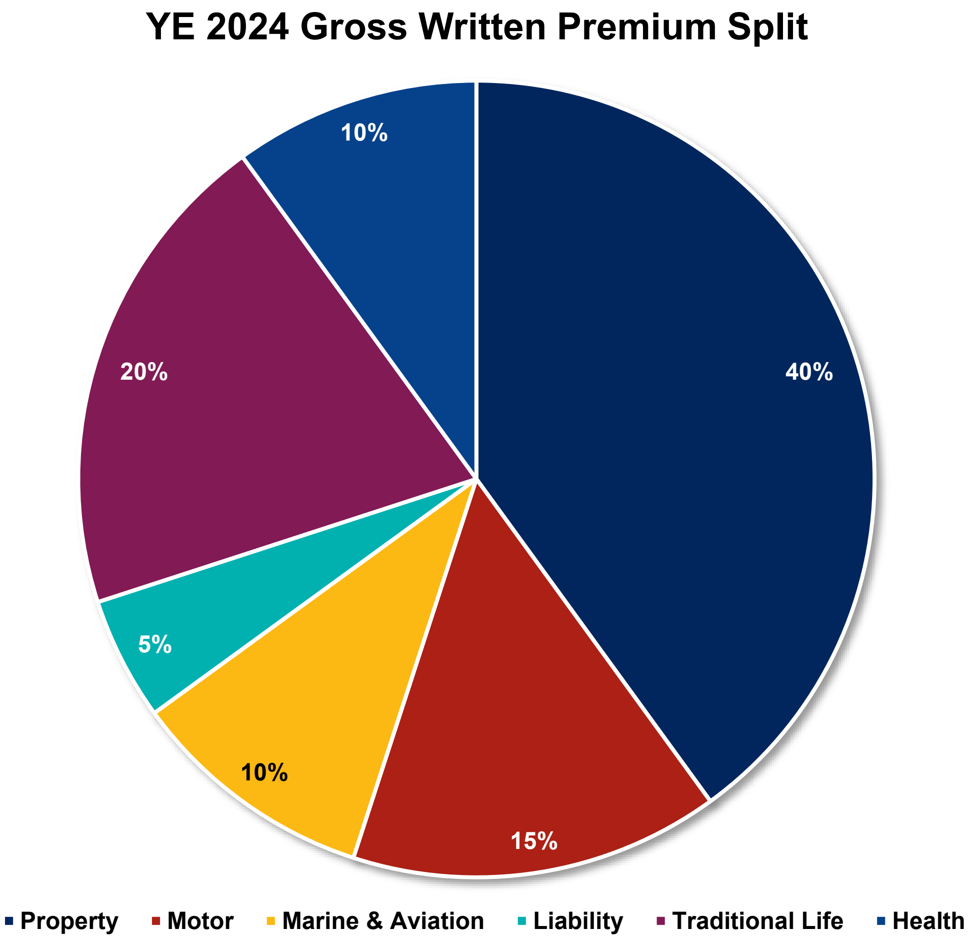
Building Blocks

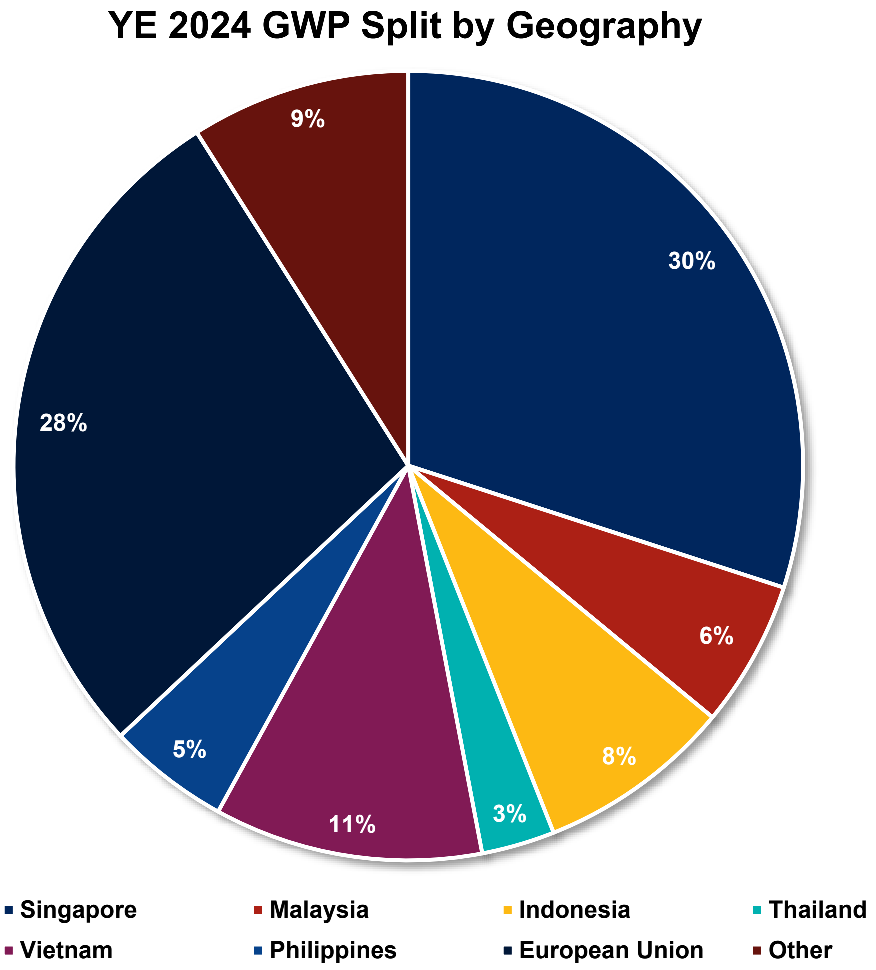


Business Profile

- Zen Re is a composite reinsurer, domiciled in Singapore
- Based on YE 2024 gross written premium (GWP), Property & Casualty reinsurance makes up 70% of the company's book of business, while Life & Health reinsurance accounts for 30%
- Proportional reinsurance accounts for 70% of the book of business, while non-proportional accounts for the remaining 30%
- Although well-diversified geographically, the company is exposed to severe weather-related events, including typhoons, floods, hailstorms and severe convective storms
- Well-established presence in their chosen markets
- Strong long-term relationships with brokers and cedents
- Seasoned management team with extensive industry experience
- Targeting further product and geographic diversification prospectively (i.e. cyber cover to be launched in 2026)

Business Profile





Innovation

Scored as:

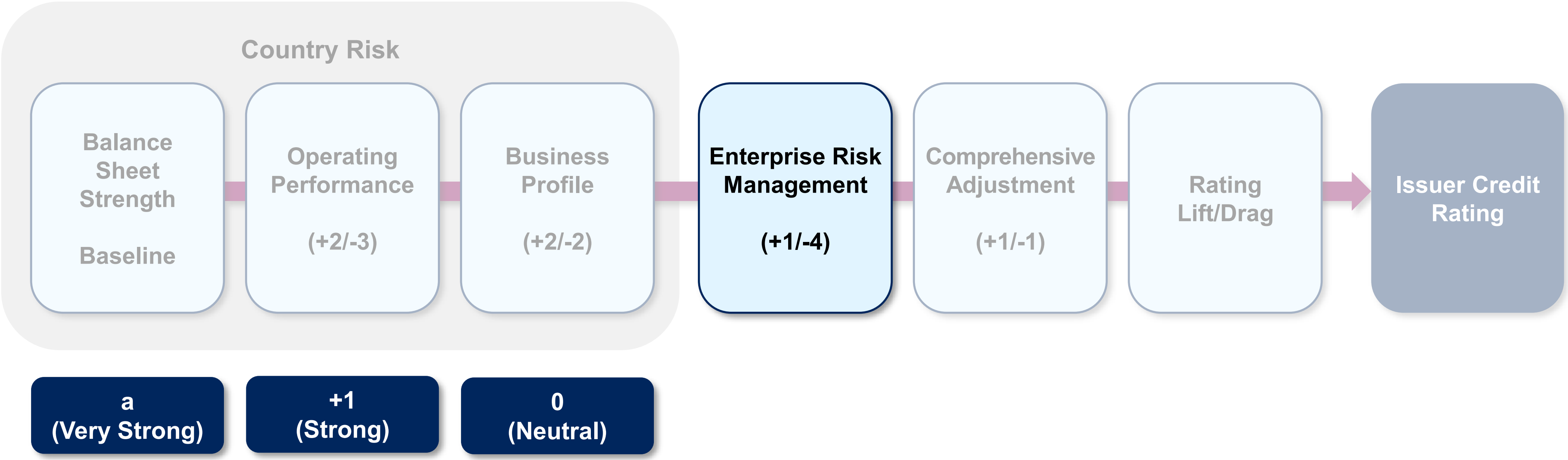
Minimal	Moderate	Significant	Prominent	Leader
Score of less than 12	Score between 12 and 17	Score between 18 and 22	Score between 23 and 27	Score of 28 or higher

20 – Significant

Business Profile Sub-Component Assessments

Evaluation	Assessment
Market Position	Neutral
Degree of Competition	Negative
Product/Geographic Concentration	Neutral
Distribution Channels	Positive
Pricing Sophistication/Data Quality	Neutral
Management Quality	Positive
Product Risk	Negative
Regulatory/Event/Market/Country Risks	Neutral
Innovation	Positive

Building Blocks



Enterprise Risk Management

Framework Evaluation	Assessment
Risk Appetite & Tolerances	Developed
Stress Testing & Non-Modeled Risk	Developed
Risk Identification and Reporting	Developed
Risk Management & Controls	Developed
Governance & Risk Culture	Developed

Risk Evaluation (Capability)	Assessment
Product & Underwriting Risk	Appropriate
Reserving Risk	Appropriate
Concentration Risk	Appropriate
Reinsurance Risk	Appropriate
Liquidity & Capital Management	Appropriate
Investment Risk	Appropriate
Legislative/Regulatory/Judicial/Economic	Appropriate
Operational Risk	Appropriate

Building Blocks – Final Recommendation

Country Risk

Balance Sheet Strength

Baseline

Operating Performance

(+2/-3)

Business Profile

(+2/-2)

Enterprise Risk Management

(+1/-4)

Comprehensive Adjustment

(+1/-1)

Rating Lift/Drag

Issuer Credit Rating

(a) Very Strong

+1 (Strong)

0 (Neutral)

0 (Appropriate)

0 (None)

Proposed Rating: a+ (Stable)

Current Assessment: 0 (Adequate)

Current Rating: a (Positive)

The Committee Vote

	Balance Sheet	Operating Performance	Business Profile	ERM	
Victoria's vote:	a (Very Strong)	+1 (Strong)	0 (Neutral)	0 (Appropriate)	a+ Stable
Christie's vote:	a	+1	0	0	a+ Stable
Sin Yee's vote:	a	0	0	0	a Positive
James' vote:	a	0	0	0	a Positive

Audience Vote

Polling Question – Final Vote

What is your vote on the ICR and outlook for Zen Re?

a) Affirm “a” and maintain the positive outlook

b) Affirm “a” and revise the outlook from positive to stable

c) Upgrade to “a+” via a change in the Operating Performance Assessment to “Strong” with a stable outlook

	Balance Sheet	Operating Performance	Business Profile	ERM	
Victoria's vote:	a (Very Strong)	+1 (Strong)	0 (Neutral)	0 (Appropriate)	a+ Stable
Christie's vote:	a	+1	0	0	a+ Stable
Sin Yee's vote:	a	0	0	0	a Positive
James' vote:	a	0	0	0	a Positive
Audience's vote:	?	?	?	?	?
Greg's vote:	a	+1	0	0	a+ Stable

Decision and Summary

Rating Committee Outcome

- Chair confirms committee outcome based on voting count
- Chair directs committee's attention to outlook statement and rating drivers for any potential revisions
- Analytical team asks for clarifying comments from the committee before close
- Chair completes a vote sheet with comments to document the outcome of the vote and the key parts of the committee discussion

Q&A

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