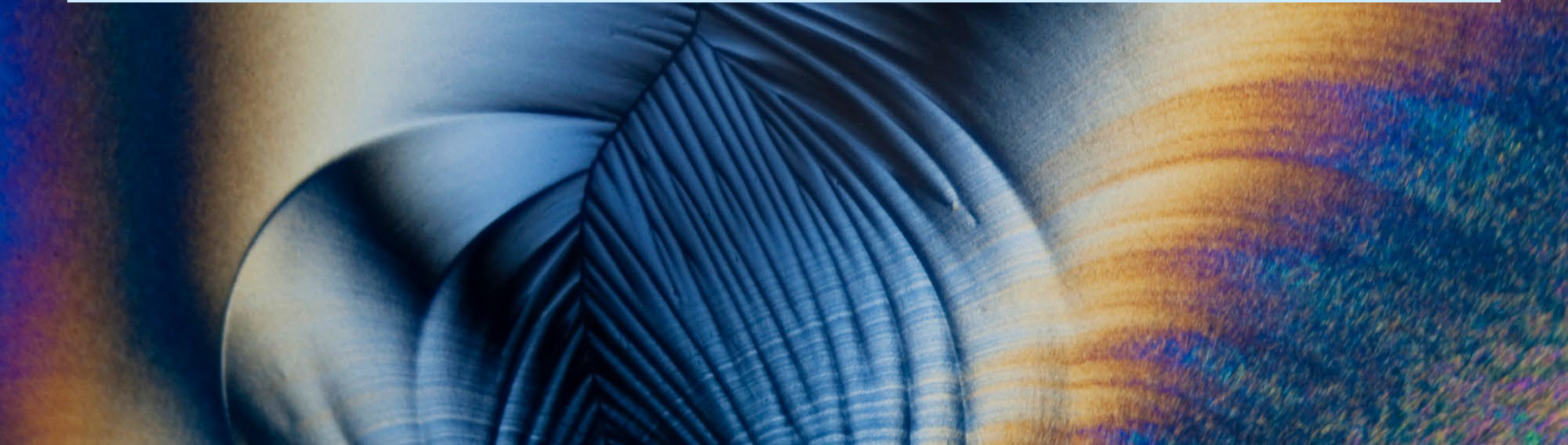


GUY CARPENTER
A MARSH BUSINESS

July 2026
Reinsurance Renewal Report



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Executive Summary

Persisting soft market conditions, capital growth and product innovation create opportunity for cedents

Growing reinsurance capital

Overall dedicated reinsurance capital reached an estimated all-time high of US\$663 billion in 2025 — an increase of 9%. More notable is the contribution of alternative capital, which grew 15% since 2024.

Property

Attractive catastrophe bond rates drove record-level activity, reaching over US\$61 billion in total outstanding limit for the first half of 2026. Further, **parametric solutions are expanding** into secondary perils, such as flood, wildfire and severe convective storm, where protection gaps are significant and growing.

In the traditional property market, abundant reinsurer capacity continues to drive a progressively competitive pricing environment. Risk-adjusted decreases have deepened since January 1, 2026, with the **global property catastrophe rate on line index down -16%**.

Market softening has also **increased demand for property retrocession**, driven by both a greater number of new buyers, and existing buyers expanding their placements.

Casualty

Mid-year casualty renewals continue to demonstrate nuanced outcomes, reflecting adequate capacity, differentiated pricing based on loss experience, and evolving market structures as clients increasingly sought to leverage structured risk solutions.

Looking to financial lines, public company D&O insurance rates turned positive in the first quarter, which has helped stabilize financial lines reinsurance renewal outcomes for top performing carriers.

Both legacy and sidecar markets demonstrate renewed momentum in the structured risk space for casualty lines. Legacy transactions benefiting from improved pricing clarity and sidecar vehicles are capitalizing on robust investor demand for P&C risk.

Specialty

Specialty reinsurance renewals also continued soft market themes, though the **significant loss development of Baltimore Bridge** is expected to impact 2027 marine renewals. In April 2026, the total loss reserve for the bridge collapse increased from US\$1.5 billion to US\$2.8 billion.

Implications of Atlantic hurricane season outlook

June outlook calls for a strong El Niño associated with below average frequency. Guy Carpenter meteorologists point to two important factors that could affect the season outcome: weaker or late-arriving El Niño will significantly impact the suppression of Atlantic storms this year; and localized warmer sea surface temperatures can impact overall frequency and intensity of storms.

Commitment to clients in a volatile environment

Our commitment to clients has never been greater and remains paramount as geopolitical tensions continue impacting communities, businesses and economies around the globe. In response, Guy Carpenter teams — together with reinsurers — have developed new products including structured quota share solutions, enabling clients to continue servicing customers in this period of uncertainty.

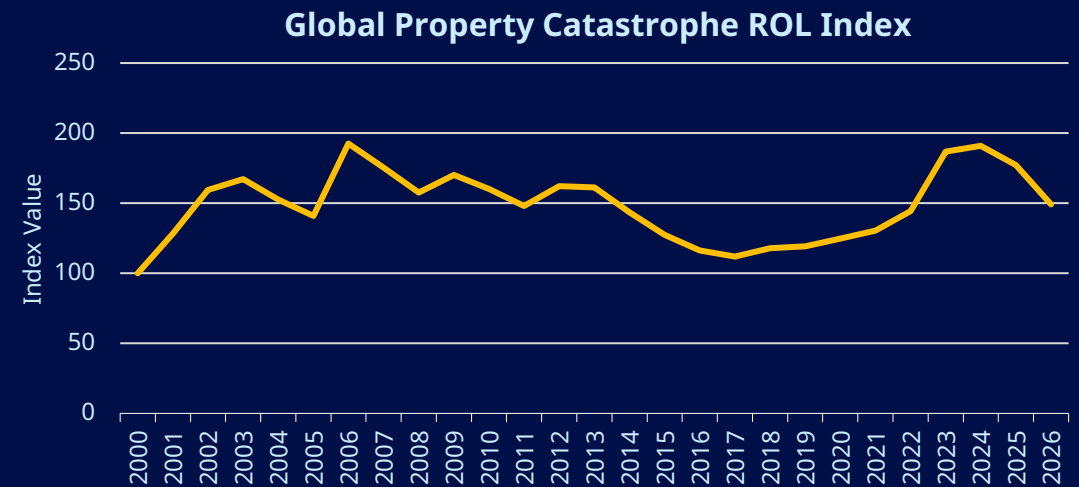


Dean Klisura
President and CEO

Competitive market conditions and capital growth persist

Global Property Catastrophe ROL Index

-16%



Growth of alternative reinsurance capital

15%

Outpacing growth of traditional reinsurance capital of 8%

Record catastrophe bond issuance

\$61B

Property catastrophe bonds continue to reach all-time high

Total insured losses 1H 2026

\$35B

Below average quarter, losses driven by active US severe convective storm season

2024 Baltimore Bridge loss development

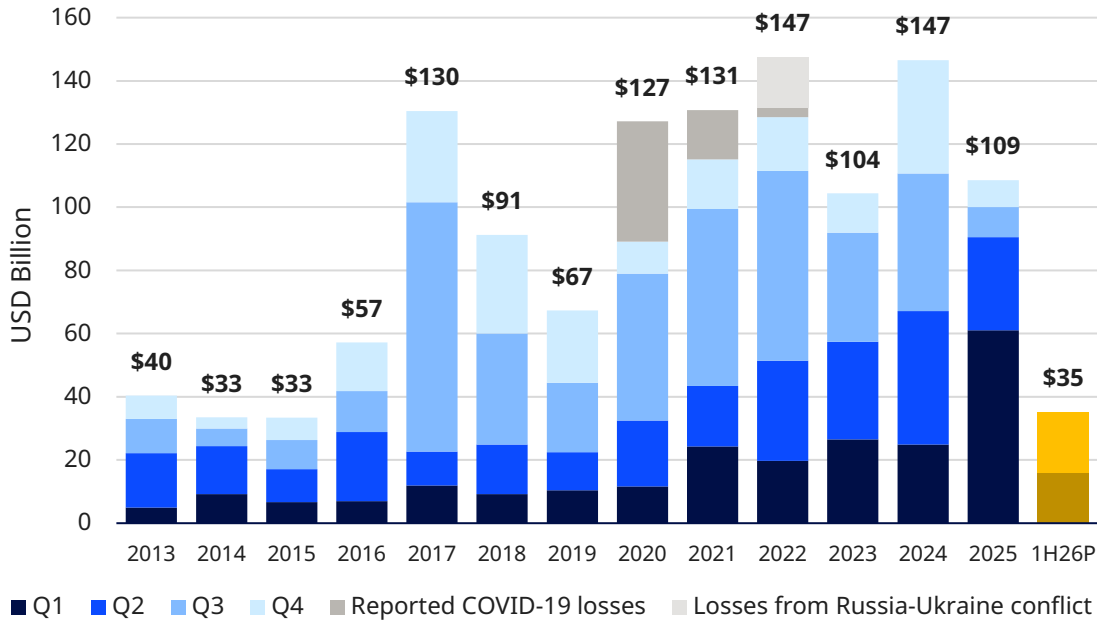
\$1.3B

Reserve increased from \$1.5B to \$2.8B

Macro Market Trends

Insured catastrophe losses

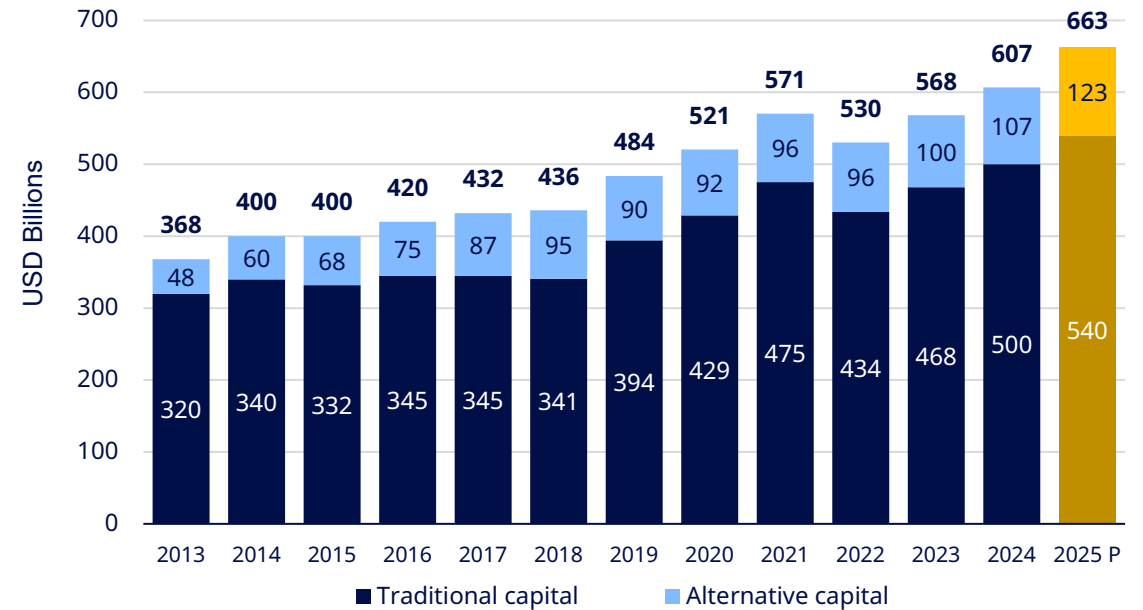
The total insured industry losses for 1H 2026 are projected to be approximately US\$35 billion, below the five-year inflation-adjusted average. Losses have predominantly been driven by active severe convective storm season.



Source: PCS, PERILS, Verisk, ICA, GC. Losses from Russia and Ukraine conflict are estimated by S&P Global. The 2025 significant insured loss estimate updated as of March 20, 2026. *Significant Insured Losses (Est. losses > USD 100 million) – Not adjusted for inflation

Capital

Reinsurer capital has reached an all-time high. Dedicated reinsurance capital is forecasted to have grown by around 9% in 2025.

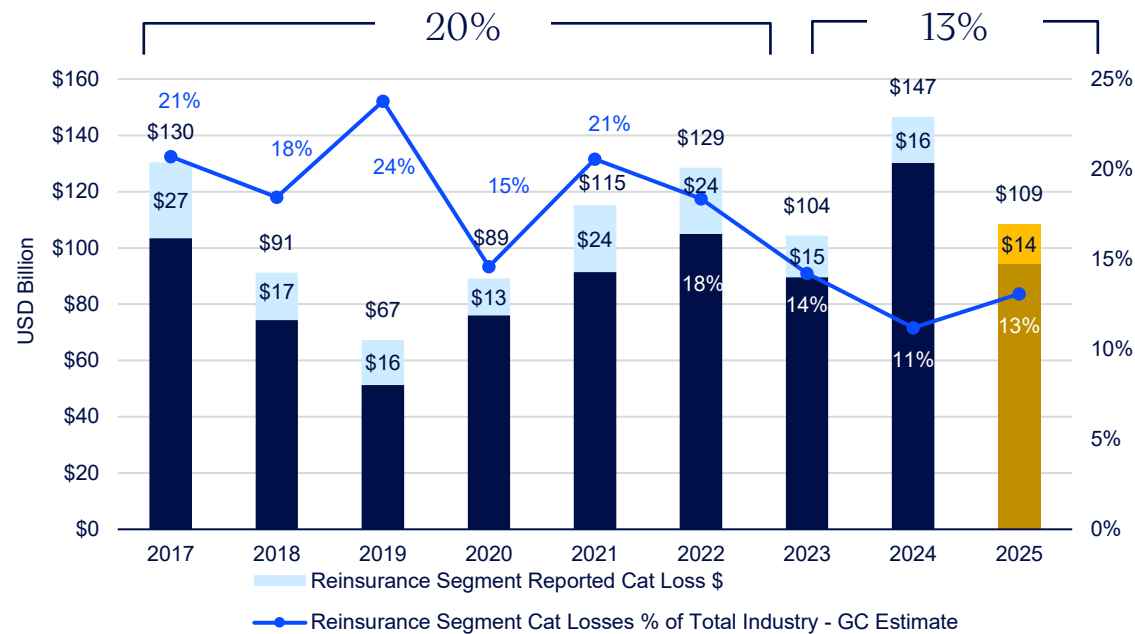


Source: Guy Carpenter, AM Best

Macro Market Trends

Reinsurers' lower share of catastrophe losses

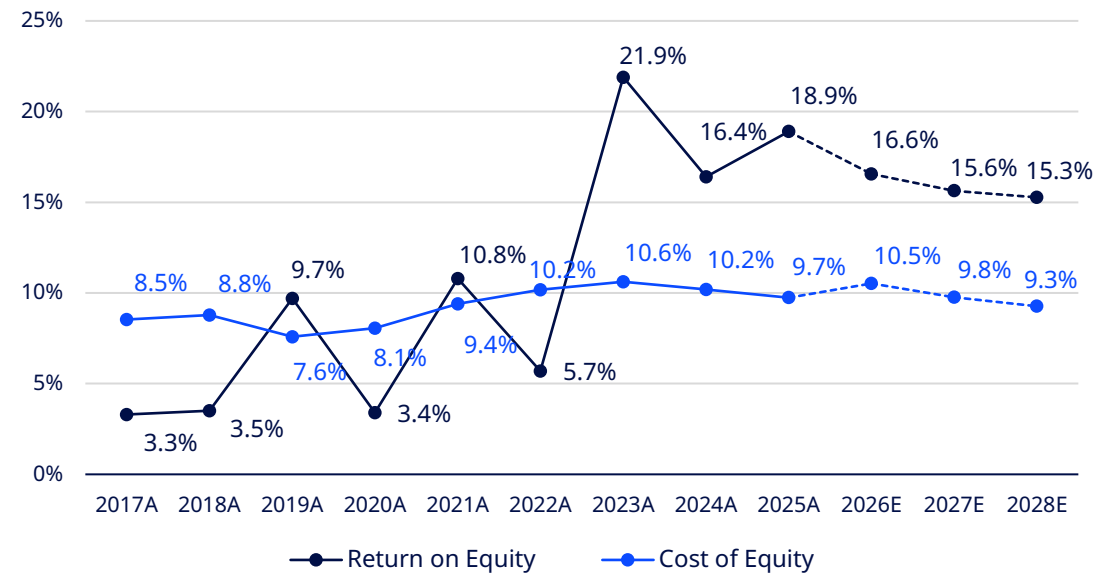
Reinsurers' share of global catastrophe losses continues to be lower than pre-2023 levels, owing to higher attachment points since January 1, 2023, and a lower number of high-severity events.



Source: Company reports, Guy Carpenter calculations. Note: Reinsurers' share is based on reported cat losses for the reinsurance segment of select companies in the GC reinsurance composite and assumes the cohort represents 65% of the industry. * Total industry insured losses exclude losses from COVID-19 and the Russia-Ukraine conflict, but includes NFIP claims.

Profitable reinsurer returns

Reinsurers have enjoyed profitable returns in recent years. 2026 is anticipated to continue this trend, with expectations of 16.6%, following 18.9% in 2025, 16.4% in 2024 and 21.9% in 2023.



Source: S&P Global, Visible Alpha, Guy Carpenter calculations; estimates @ 22 March 2026, subject to change.

Property

Competitive pricing environment continues at mid-year renewal

Benign losses, coupled with abundant reinsurer capacity and growing risk appetite, continue to drive a competitive pricing environment. In some cases, risk-adjusted decreases have deepened since January 1, 2026 renewals, and property catastrophe rate on line (ROL) remains down globally, around 16%.

Such market conditions have enabled cedents to diversify their reinsurance panel and be selective on price.

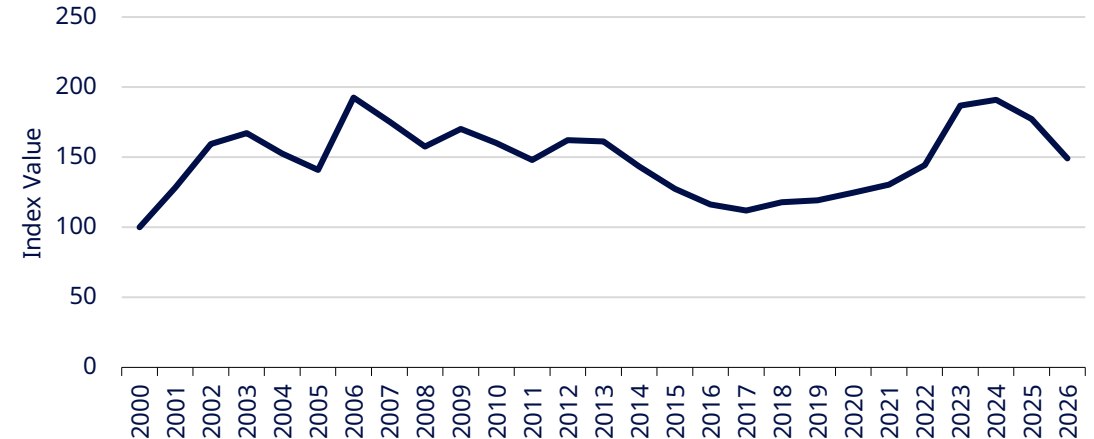
More nuance has been observed with property per risk placements, with rates improving in some cases. Pricing on US property per risk is in the range of flat to +10% for loss-impacted business, and between -5 to -15% on non-loss impacted business.

In North America, expansion of reinsurer appetites has led to greater interest in frequency protection coverages and broader products to enhance client risk transfer programs. The US property catastrophe ROL index decreased 16%.

Cedents in Latin America & the Caribbean have been able to reconstitute coverage and explore new and supplementary purchases using savings secured and as a result of extended reinsurer appetite.

July 1 is a key renewal date for Australia and New Zealand-based cedents, where domestic market consolidation has reduced demand for reinsurance limit.

Global Property Catastrophe ROL Index



Though Australia was loss-impacted by hailstorms in 2025, risk-adjusted rate reductions continue. The broader Asia-Pacific property catastrophe ROL index decreased 19%.

Over 80% of Europe renews at January 1, though rate reductions continue across the region at mid-year, with greater savings achieved for clients in top layers. The European property catastrophe ROL index remained consistent, with decreases of -15% seen at January 1.

Continuity of coverage for Middle Eastern-based clients has remained paramount throughout mid-year renewals, as the ongoing conflict evolves. Despite this backdrop, there have been rate reductions between -10 and -15% across the MENA region and -10 to -20% in South Africa.

Renewal timings vary by region

Regions including North America, Europe and South Africa experienced a smooth process with renewals completed on time. Renewals in Latin America & Caribbean moved faster compared to recent years.

Geopolitical tensions in the Middle East contributed to a slower renewal, but the majority were completed on time.

Capacity continues to outstrip supply

Market capacity easily met buyer demand for limit. Reinsurers continue to target growth on programs; however, growth expectations have been tempered at the mid-year given renewal outcomes to date. Excess capacity remains a significant factor for renewals, with estimates at July 1, 2026 to be 28%.

Terms & conditions

Most US placements made significant progress in achieving concurrency over the past two renewal seasons, with nearly all remaining coverage-related non-concurrencies resolved by the July 1 renewal. Terms and conditions remain similarly stable in most regions, while the primary focus of Middle Eastern renewals remains concentrated on ensuring continuity of cover for clients during the evolving geopolitical conflict.

Structures remain stable

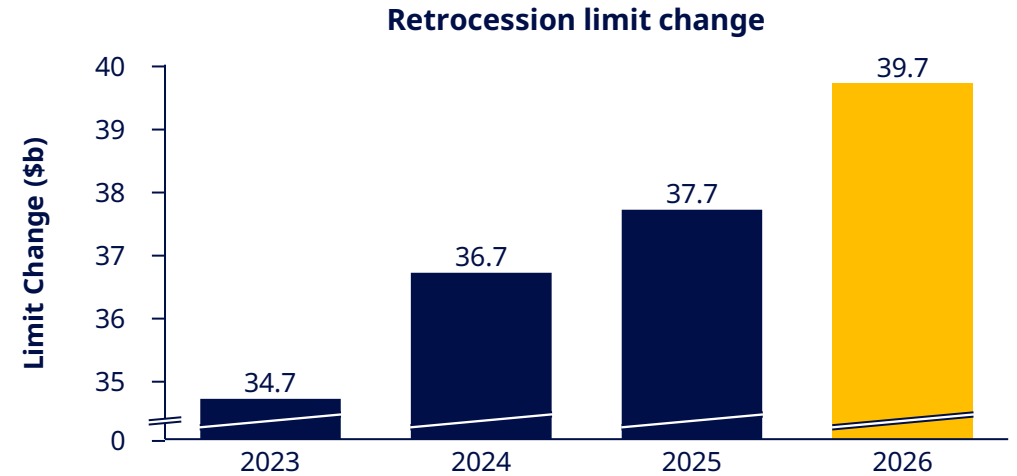
At mid-year renewals, structures remained broadly stable and moderate increases in demand led to more limit placed. In the US, some new supplemental coverages were explored and placed, including underlying catastrophe coverage, aggregate excess of loss, and subsequent event coverage — a trend that continues from January 1, 2026 renewals.

Demand for parametric covers grew in multiple regions, with the most successful placements solving for frequency protection structures that are currently unmatched in the traditional reinsurance market. Similarly, demand for structured solutions also continues.

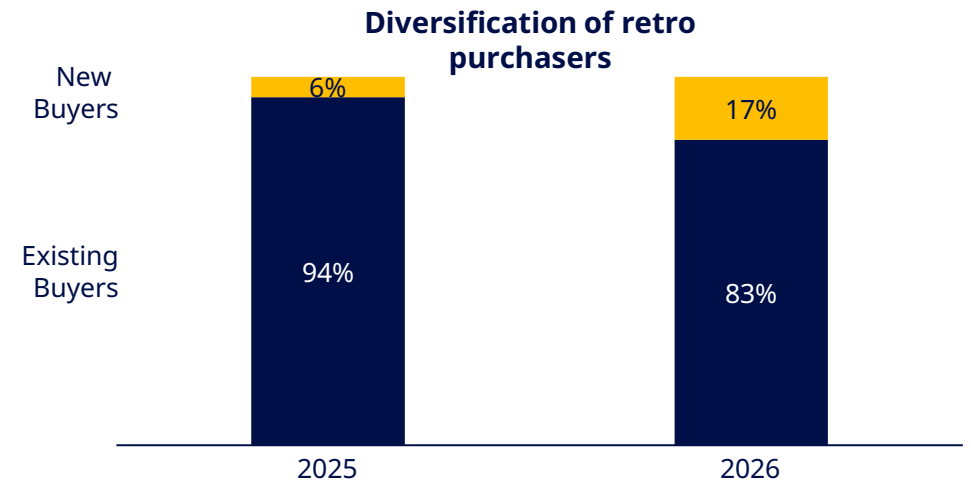
Increased Demand for Property Retrocession

As the market softens, demand for property retro has increased, driven by a greater number of new buyers, with existing buyers also expanding their placements. There has been particular demand for aggregate covers, which, in most cases, was met by existing markets together with some new entrants. Additional purchasing utilized most of the capacity available at the mid-year, from both traditional and ILS sellers.

Mid-year retro placements renewed in a smooth and timely fashion. With client and market expectations drawing closer post January 1, the delta between quotes and firm orders has narrowed. Pricing remains in line with January 1 renewal, with non-loss-impacted placements experiencing risk-adjusted rate changes between -10% and -20%.



Limit change includes Retro UNL, Retro Cat Bond, Cat on D&F & ILWs



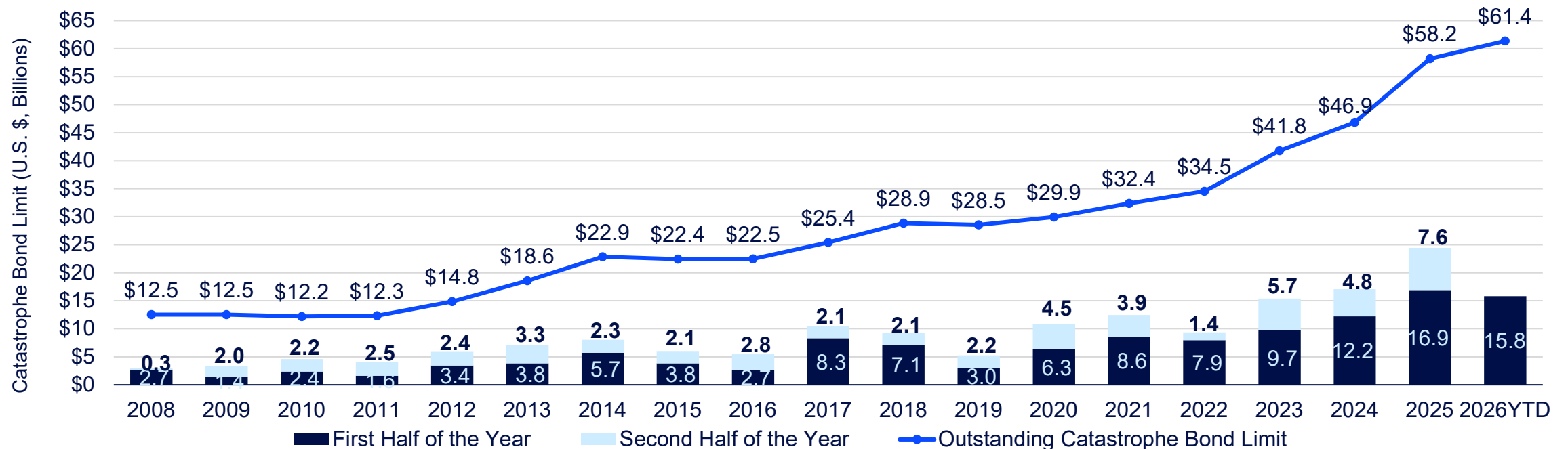
ILS: Catastrophe Bonds

Stable activity

After an exceptional 2025, the catastrophe bond market has remained active in 2026. **60** deals from **58** unique sponsors closed in 1H 2026 totaling **US\$15.8 billion** in limit. Total outstanding catastrophe-bond notional capacity rose to an all-time high above **US\$61 billion**, underscoring continued sponsor demand and investor capacity.

Guy Carpenter Securities

GC Securities has had an active year with 20 different 144A cat bonds, amounting to over US\$5.3 billion in total limit, representing 34% of the overall limit.



Spotlight: Parametric Solutions

“Parametric solutions have been established in the risk transfer markets for decades, and Guy Carpenter has built proven, market-leading products for earthquake and windstorm risk.

What’s exciting now is the broadening of parametric into secondary perils like flood, wildfire and severe convective storm, where protection gaps are significant and growing. We’re seeing real momentum here, but also a market where product quality is still maturing and not all solutions are created equal.

Our focus is on building parametric solutions that are genuinely fit for purpose, and on helping clients navigate the uncertainty that comes with an evolving product landscape.”

Ian Bartholomew

NEW Global Head of Parametric Advisory joined June 1, 2026

Reinsurer types

- Collateralized players
- Established reinsurers
- MGAs
- Other / opportunistic

Broadening appetite from reinsurers meeting client needs

Historical appetite

Hurricane & earthquake

Current environment

Hurricane & earthquake

+

Severe convective storm
Flood
Wildfire

+

Non-natural catastrophe
e.g., Data Center downtime

Buyer motivations

- Efficient risk transfer
- Emerging risks
- Sovereign risks
- Spot cover to support growth or risk concentration
- Transparency, speed and certainty for claims settlements

Spotlight: 2026 Atlantic Hurricane Season: June 1 – November 30

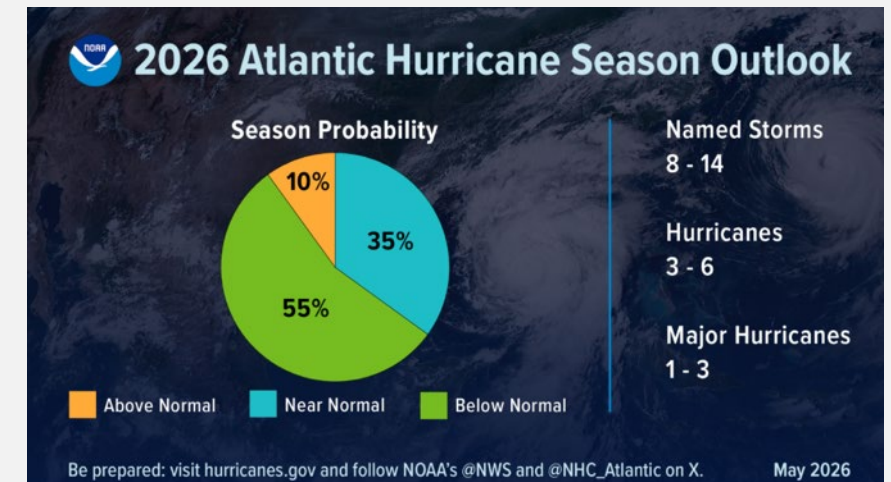
Below average activity expected:

- Most forecasting entities are calling for below-average activity.
- Outlook is driven by expectation of a potentially strong El Niño emerging for the peak of hurricane season.
- El Niño tends to suppress tropical cyclone activity across the Atlantic due to the presence of wind shear, which tears apart developing storms.

What to watch for this season:

- **Timing and peak strength of the expected El Niño:** Hurricane season peak typically occurs from mid-August through mid-October; a weaker or late-arriving El Niño will lower confidence in overall basin suppression.
- **Subtropical Atlantic and Gulf sea surface temperatures (SSTs)** play a crucial role in season outcomes. Localized warming trends can impact overall frequency and intensity of storms.

Atlantic hurricane outlook for 2026 from NOAA / NHC



Spotlight: 2026 Atlantic Hurricane Season: June 1 – November 30

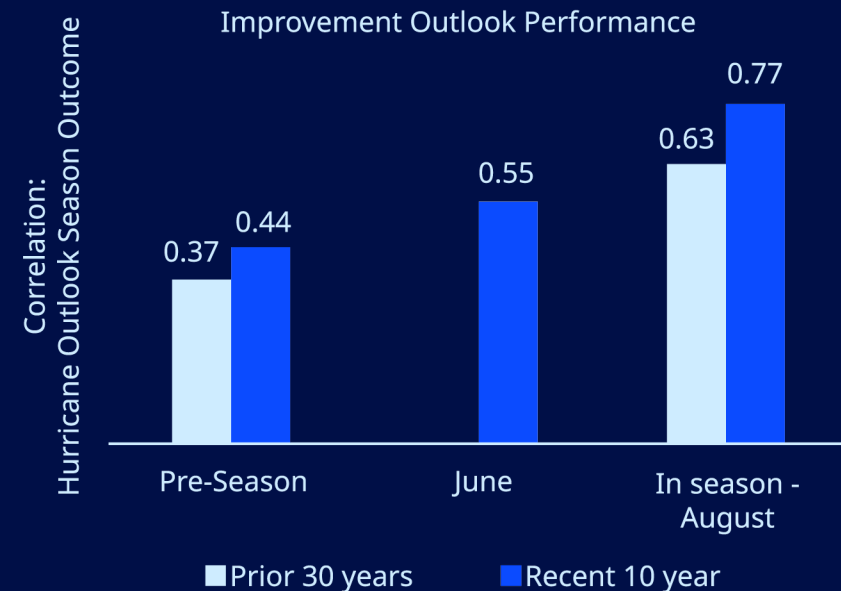
How accurate are seasonal outlooks?

- Generally, pre-season hurricane outlooks have improved in skill over time.
- In the last decade, Colorado State University (CSU) pre-season outlooks have a 0.44 correlation with Atlantic hurricane frequency (modest skill in early forecasts).
- A correlation near 0.8 for in-season August forecasting is considered very strong skill, therefore CSU forecasts can be viewed as highly reliable.
- 30 years prior, forecast skill correlation in June and August were 0.37 and 0.63 respectively, noting significant improvement in these outlooks in recent years.

Where can I find more?

- See the detailed [report](#) from Guy Carpenter's North America Peril Advisory team released on May 15. Available through Guy Carpenter's [CAT Resource Center](#).
- Podcast also released by GC experts available on all streaming platforms.

Season forecast performance measured by correlation of outlook to outcome



Global Casualty

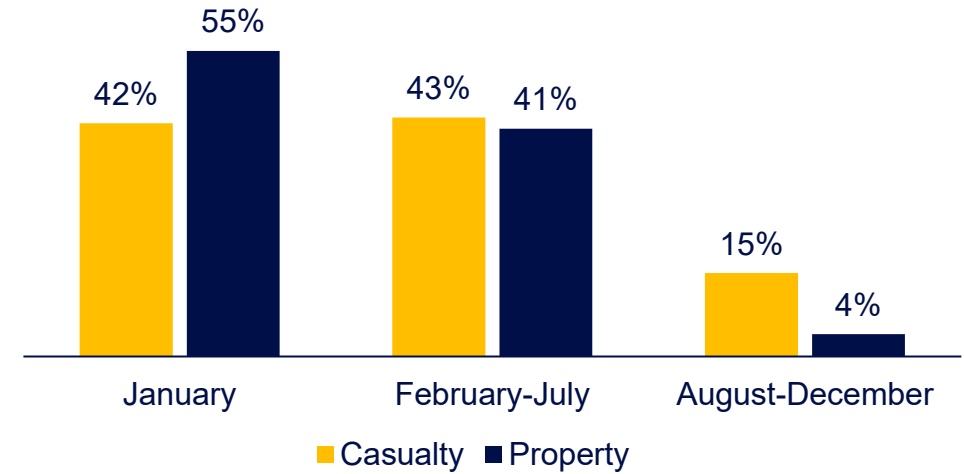
Casualty reinsurance renewals since January 1, 2026 continued to demonstrate nuanced outcomes shaped by treaty structure, loss experience and composition of underlying portfolios.

While January is a significant date for the property reinsurance market with over 50% of the premium placed at January 1, the global casualty market is more spread. January 1 represents 42% of global casualty premium and 43% of the premium has renewed February through July 1.

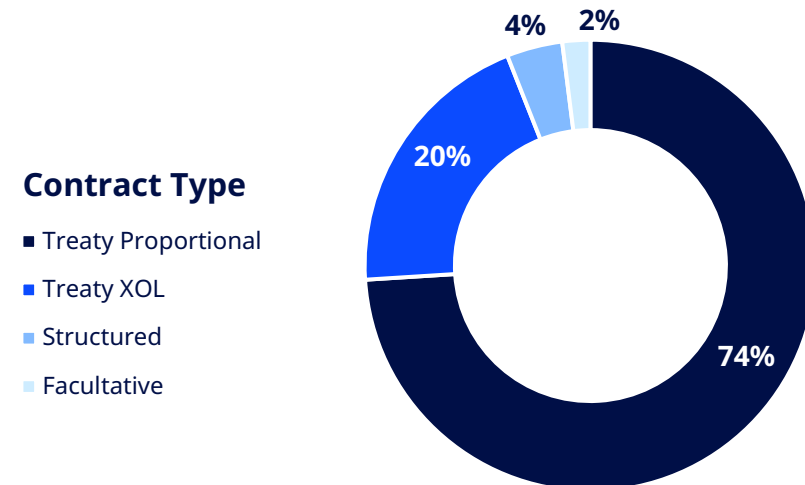
Globally, for all casualty lines, over 70% of the reinsurance premium is placed on a proportional treaty basis, making underlying insurance dynamics critical to renewal outcomes.

Despite ample capacity in the market, years of a hardening reinsurance rate environment have driven clients to more actively seek alternative risk transfer strategies, such as sidecars and platform-based solutions, to diversify capital sources balanced with traditional programs. Through year-end 2025, structured solutions made up 4% of the global placed premium.

Renewal distribution comparison



Contract type



US Casualty

Reinsurance renewal outcomes reflected adequate capacity, differentiated pricing based on loss experience, and evolving market structures as clients increasingly sought to leverage alternative capital solutions alongside traditional reinsurance.

Excess of loss

Placements generally experienced upward reinsurance rate pressure due to increased loss severity, however treaties with low loss impact and high attachments were able to sustain flat rates, or even modest decreases on select layers. Attachment points remain a key driver in renewal outcomes, with increased loss severity continuing to drive rates on lower-attaching treaties.

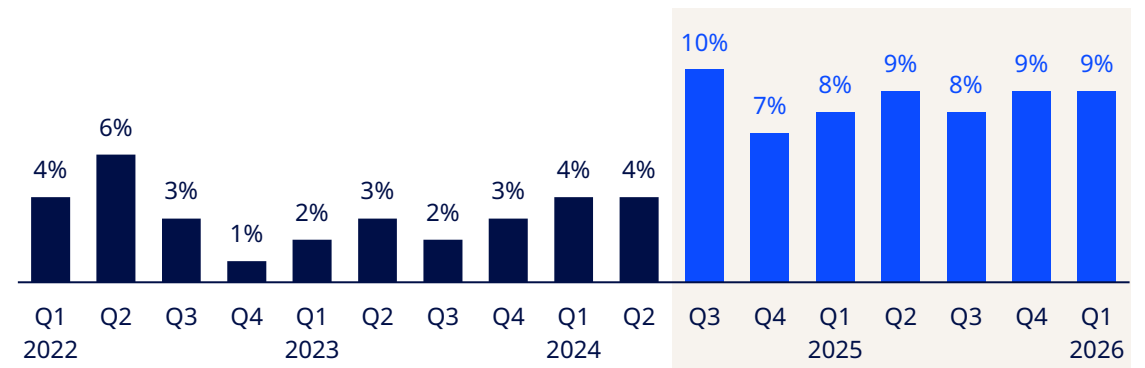
While capacity remains more than sufficient to meet demand, reinsurers have been judicious in their deployment and maintain more limited appetites for treaties with exposures they deem more challenging, such as exposure to MGAs, auto, and segments such as Energy and Construction.

Quota share

Placements experienced differentiated outcomes based on loss emergence and portfolio quality. Underlying US Casualty insurance rates have consistently shown close to double digit rate increases over the past seven quarters (since the third quarter of 2024).

Adverse prior year development has contributed to higher reinsurer loss ratio selections on the underlying portfolios of some casualty treaties, which resulted in downward pressure on ceding commissions of approximately -1 point. On the other hand, treaties with loss experience performing in line, or better than expectations, were able to maintain expiring ceding commissions, or in select cases, achieve slight increases.

US casualty: insurance rates



Source: Global Insurance Market Index, Marsh Risk

Spotlight: Multi-Faceted Approach to Casualty Reinsurance Protection

Until now, the casualty reinsurance market has been behaving decidedly differently than the price softening seen in property lines. However, at mid-year renewals, we observed stable economic terms – including for portfolios with stable to increasing loss ratio projections. This shift reflects both changing market dynamics as well as cedent exploration of alternative options to supplement traditional reinsurance.

More cedent demand for legacy solutions

The legacy market experienced subdued activity in the years preceding 2026, driven by capacity exits and persistent bid/ask spreads between buyers and sellers. These spreads stemmed primarily from deteriorating US casualty trends, creating hesitation among legacy players while investors remained tolerant of adverse development — a leniency supported by strong current year underwriting profits during hard market conditions.

As market conditions soften, transferors face increased pressure, recognizing they may no longer receive forgiveness for adverse development. Simultaneously, legacy players now demonstrate greater confidence in pricing exposures as the soft market years of the prior decade reach maturity. ***This convergence has catalyzed a substantial uptick in activity, with numerous deals entering the market in the first half of 2026.***

Acceleration of sidecar market

Sidecar activity has surged notably, particularly in casualty and wholesale MGA-sponsored vehicles. This growth reflects strong institutional appetite for property and casualty exposures among third-party investors, with casualty sidecars often serving explicit asset-under-management (AUM) accumulation strategies.

Sponsors benefit from favorable economic outcomes through sidecars, which enable capacity expansion and portfolio optimization. The structure allows sponsors to access capital efficiently while maintaining strategic flexibility in their overall portfolio construction.

Balanced approach with traditional solutions

With the casualty reinsurance market not experiencing the same softening as property or specialty lines, cedents are looking for ways to optimize reinsurance protection.

Both legacy and sidecar markets demonstrate renewed momentum for structured risk solutions for casualty lines. Legacy transactions are benefiting from improved pricing clarity and sidecar vehicles, capitalizing on robust investor demand for P&C risk.

These solutions offer cedents a way to supplement traditional protection creating a multi-faceted approach to casualty reinsurance protection

Financial Lines

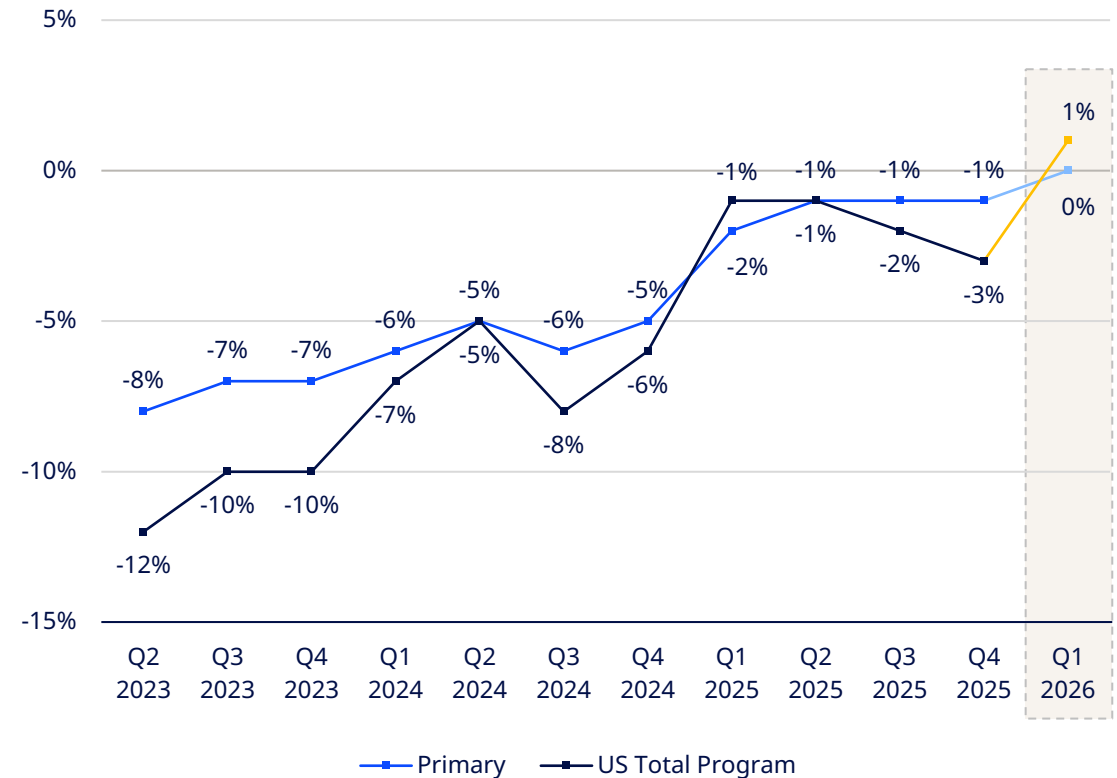
Underlying market dynamics

Significant financial lines reinsurance is placed on a proportional basis (90% on a placed reinsurance premium basis and 75% on a program count basis) making the underlying insurance rate environment a critical factor to reinsurance outcomes. Through the first quarter 2026, public company D&O rates have turned positive, marking a transition from extended soft market conditions (see figure at right).

While rate increases remain modest and have not caught up to loss trends, this shift is notable given elevated Securities Class Action activity surviving motions to dismiss in the 2023 and 2024 accident years for larger market cap insureds; a notable bellwether for future results.

In addition, we are seeing an increase in broker facilitation in the underlying insurance market. This distribution channel is more expensive, and it is currently putting pressure on overall expense ratios, which make pro-rata placements less attractive at lower ceding commissions.

**Average historical rate changes (price per million)
Q2 2023 to Q1 2026 (D&O and side A-only programs)**



Source: Marsh Risk, FINPRO

Financial Lines

Reinsurance Renewal Outcomes

Demand

Demand is stable. Cedents continue to be disciplined about limit deployment and therefore do not have a need for increased reinsurance limits. Placement or cession level changes for proportional placements vary from cedent to cedent, based on unique portfolio dynamics.

Supply of capacity

Capacity is sufficient to meet demand. There is some variation and turnover market-by-market. While some legacy markets are approaching renewals with more limited appetite, other reinsurers are trying to increase lines with their preferred trading partners. This client-centric theme is recurring across multiple segments of the reinsurance market.

Terms

Ceding commissions are generally flat, with a few top-performing portfolios achieving modest increases up to +0.5 points. Excess of loss treaty rates also renewed flat at renewal. Exclusions are being carefully reviewed on a contract-by-contract basis as reinsurers are willing to ease restrictions that are no longer fit for purpose. We observe very little non-concurrency in economic terms for financial lines reinsurance placements.

Alternative risk transfer

The growing use of sidecars and other internal reinsurance vehicles has been a modest but present factor for the financial lines segment. Traditional reinsurance is still a core strategy for cedents. However, in a balanced approach, these vehicles provide diversification in capital sources.

Workers Compensation

Workers compensation experienced varied pricing outcomes across program structures, with excess capacity driving competitive dynamics

Pricing

Catastrophe ROLs remained stable at flat to -2% for non-loss-impacted programs, while working layers showed greater variance with outcomes between -5% and +2% for non-loss impacted treaties, and flat to +8% for loss-impacted treaties.

Quota share ceding commissions improved modestly for non-loss-impacted business (+0.5 to +1.5 points), while loss-impacted placements faced pressure of flat to -1.5 points.

Terms and conditions

Remained largely unchanged, and although some non-concurrency remains, the scale has diminished relative to July 1, 2025 and January 1, 2026.

Capacity

Notable capacity expansion occurred across all major markets; London, Bermuda, US and Europe, with London syndicates particularly active in both catastrophe and working layers. Overall available capacity exceeded July 1, 2025 levels.

Alternative solutions

A key theme was increased utilization of structured quota share and excess of loss features, with markets offering higher maximum amount of loss provisions at nominal attachment point differentials gaining increased program participation.

Non-loss-impacted renewal outcomes

Proportional

+0.5 to +1.5 pts

Catastrophe ROLs

Flat to -2%

Working Layer Rates

-5% to +2%

Trends & Opportunities in the Changing Cyber Market

The global cyber market continues to evolve. Despite the continued softening rate environment, there are pockets of stable to positive rate change. There has been a shift in market performance in the US, leading to regional differentiation, while Europe and other fast-growing markets continue to see the largest rate movements. Cyber remains a favorable market for cedents.

Regional differentiation

While non-US clients are facing a softer underlying rate environment, they have benefited from a more benign loss environment.

In contrast, US insurance rates are starting to flatten, with some sectors experiencing positive rate change.

Third-party liability claims are also driving some back-year movements.

Ample capacity supply

The global reinsurance cyber market is no longer moving as one. Non-US clients have been able to achieve very favorable terms, including placing the lowest-ever aggregate stop loss mid-year.

This ample capacity is also apparent with a utilization rate (signed to authorized ratio) of less than 80% for non-proportional placements. The demand for non-US clients is even more pronounced, with a utilization rate below 70%.

AI opportunity

AI is transforming cybersecurity by strengthening defensive capabilities while increasing the speed and accessibility of offensive activity. The impacts are also being seen in the (re)insurance market across underwriting, risk selection, and accumulation modeling, as AI-driven cyber capabilities alter both the threat landscape and factors used to assess cyber risk.

Some insurers are taking a more active stance, though most market participants have noted its relevance to the threat landscape and the working world.

Supply



Demand



Proportional

Flat to +3 points

Non-proportional

-1% to -15%

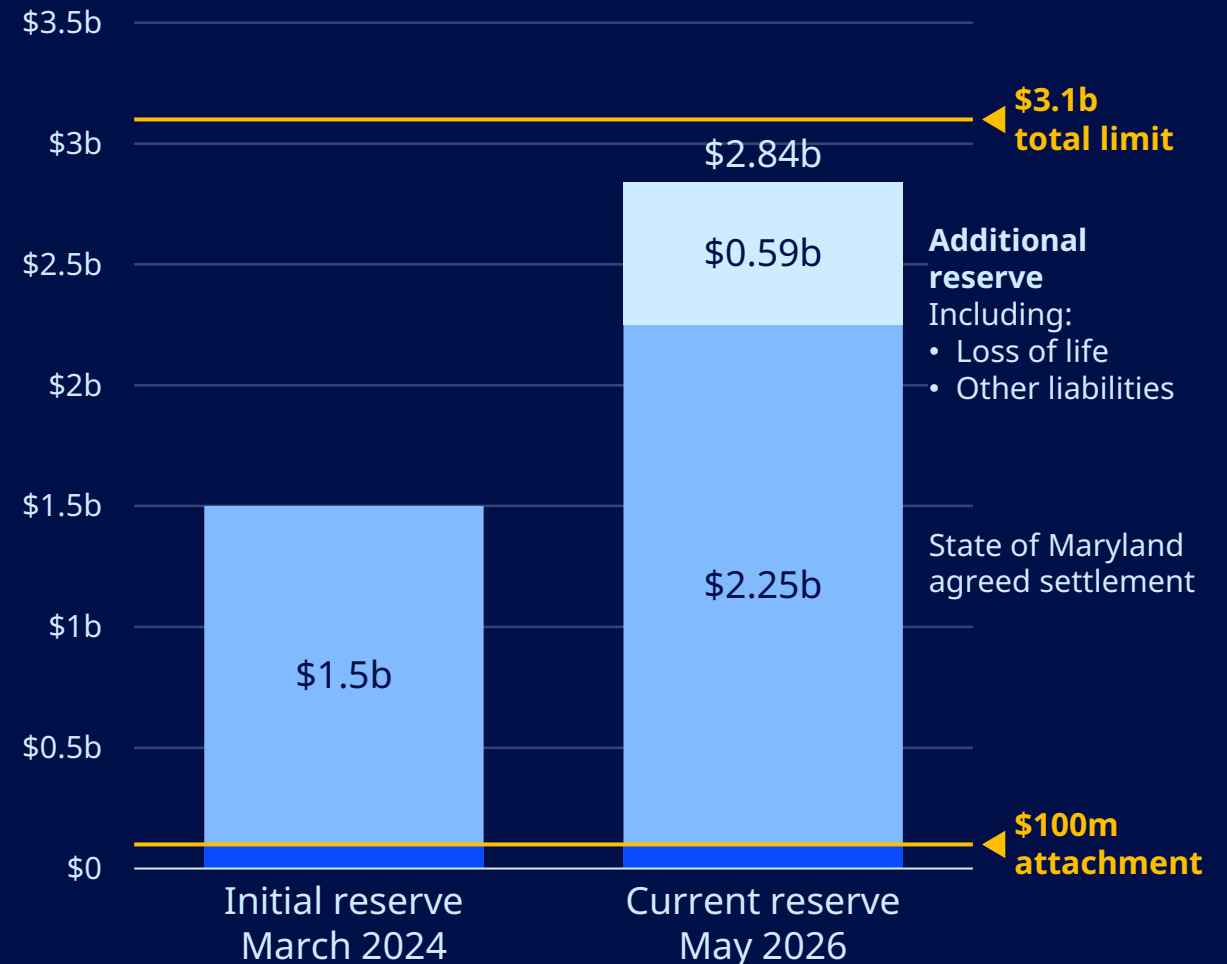
Spotlight: Claim Development for Baltimore Bridge Collapse

In March 2024, the vessel MV Dali crashed into the Francis Scott Key Bridge in Baltimore, causing its collapse and the tragic death of six people. The loss had an impact across multiple lines, including marine hull, marine cargo, property and business interruption — and most prominently, marine liability.

The initial reserve for the loss was estimated to be US\$1.5 billion in March 2024, with the global (re)insurance market utilizing this estimate to inform forthcoming renewals of loss-impacted business.

A settlement of US\$2.25 billion was reached in April 2026 between the International Group of P&I Clubs (IGPIA) and the State of Maryland. With additional losses yet to be paid, the total reserve has now increased from US\$1.5 billion to US\$2.8 billion (against a total limit of US\$3.1 billion).

The increase will be felt largely within the reinsurance and retrocession markets, with most participants on the IGPIA program purchasing forms of reinsurance. With the reserve increasing after April 1, 2026 renewals, over 90% of impacted reinsurance and retrocession programs have already been placed this year — therefore, any impact on marine pricing will not be felt until the 2027 renewal season.



Spotlight: Ongoing Geopolitical Environment Leads to Product Development

While conflict in the Middle East has been a recent focal point (as discussed in our [April 1 renewal report](#)), a wider backdrop of geopolitical tension continues impacting people, communities, businesses and economies across the globe.

The ongoing Russia-Ukraine war has had numerous indirect consequences, including incidents of Russian drones aimed at Ukraine straying into different countries.

For example, on May 29, 2026, a Russian drone struck a residential apartment block in Galati, Romania, causing a fire and injuring two people.

Traditionally, there has been no War, Terror & Political Violence coverage in such scenarios, yet providing value to clients through this heightened period of volatility remains paramount.

Guy Carpenter's response

Guy Carpenter teams — together with reinsurers — have **developed new structured quota share products to enable clients to continue servicing volatile conflict zones**. In turn, this has enabled Baltic cedents to maintain their line size in support of their own local clients and offer additional indirect war coverages that were previously unavailable.

Global collaboration across Guy Carpenter, coupled with crisis management expertise, has been key to extending coverage for clients. Increased demand continues from countries across the Baltic, including Finland, Latvia, Lithuania, Poland and Romania.

In addition, to support clients impacted by conflict in the Middle East, **Guy Carpenter has placed three new complex risk quota shares and a consortium**. These have enabled lead clients to offer meaningful capacity where it was previously scarce in the region, while maintaining their own net positions. In turn, this has enabled carriers to continue supporting clients through this period of uncertainty.

Credit, Bond & Political Risk

Despite an uncertain geopolitical environment, the global credit reinsurance market remains competitive. Pricing conditions remain in line with January 1 renewals, with average commission increases of 1 to 2 percentage points and rate reductions between -5 and -10%.

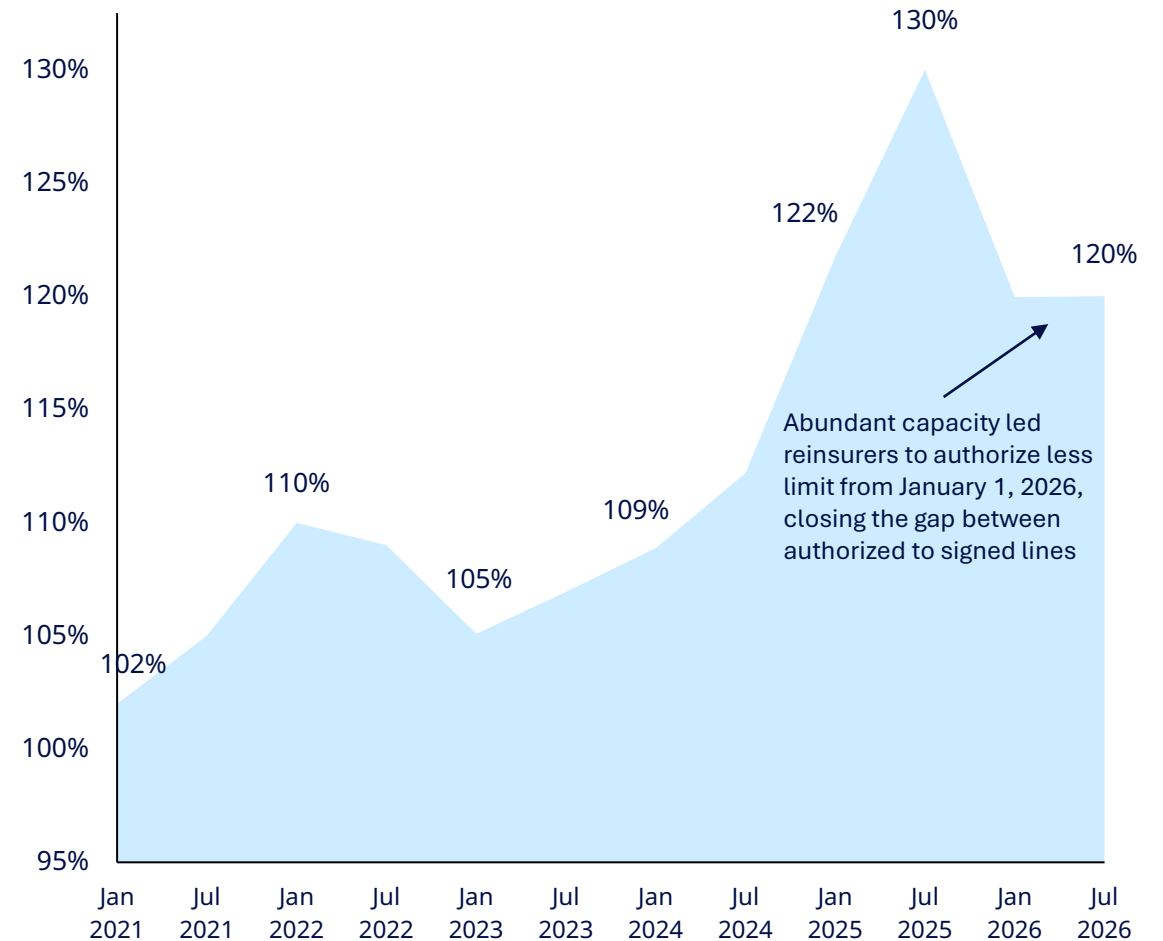
The ongoing conflict in the Middle East is not having an immediate impact on risk appetites. However, reinsurers are considering the potential of secondary effects on the credit market, particularly supply-chain disruption and inflationary pressures leading to insolvencies.

Capacity remains abundant and reinsurer appetites are strong, leaving little room for new reinsurers to enter placements despite market softening.

Stable demand for capacity has enabled cedents to benefit from more commercial terms.

From a structural perspective, there have been small changes to vertical limits to cater for capacity requirements driven by inflationary pressures, which reinsurers have been able to accommodate.

Credit capacity



Marsh Re Facultative

US property & casualty

In US property facultative, the market continues to soften following high double-digit rate decreases through mid-year renewals. Early pushback on softening terms and conditions may be the first sign of a floor, yet capacity remains in abundance. Large accounts remain heavily oversubscribed, and cedents are retaining more net. Some carriers are utilizing different solutions as a tool to manage the softening market. We observe increased utilization of facultative programs and facilities, but not in the traditional form of broker facilities trending in the market.

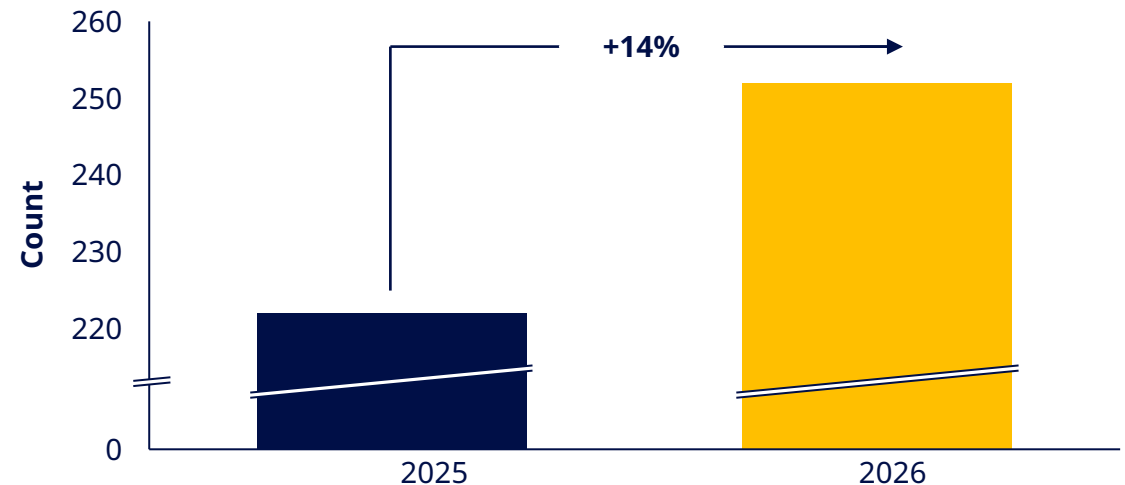
The US casualty facultative market remains challenging, with several compounding pressures. Capacity has materially pulled back, driven by reinsurers tightening appetites. Aligning pricing across multiple layers is also becoming increasingly difficult. Increases to attachment points (including some AL attachments now at US\$2 million) and persistent attachment issues also continue to hamper structures. In auto lines, reinsurers have withdrawn from larger fleet schedules, while in some territories such as Texas, certain markets will no longer quote auto if a specified portion of a fleet is garaged there. Overall, capacity constraints, pricing disconnects, and higher retentions are making an already difficult environment harder to place.

Contrastingly, submission flow remains active for most carriers, and many are buying more strategically than before — retaining profitable lines and only seeking reinsurance for the most challenging risks. Carriers are also raising retentions and relying more on fronting and captive solutions; these actions postpone but do not eliminate ultimate exposure, leaving cedents retaining more net risk.

International lines

Looking to international facultative, conditions continue to mirror the direct market, with property rates down double-digits in the range of -20 to -30%. The casualty rating environment is more nuanced, with rates of -5 to -10% on non-loss impacted business and +10 to +20% on loss impacted. More international clients are purchasing facultative reinsurance in 2026 compared with 2025 to navigate the market cycle. In turn, this is driving better outcomes for direct insurance clients, providing greater stability in a challenging market.

Increase in international facultative buyers



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About Guy Carpenter

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