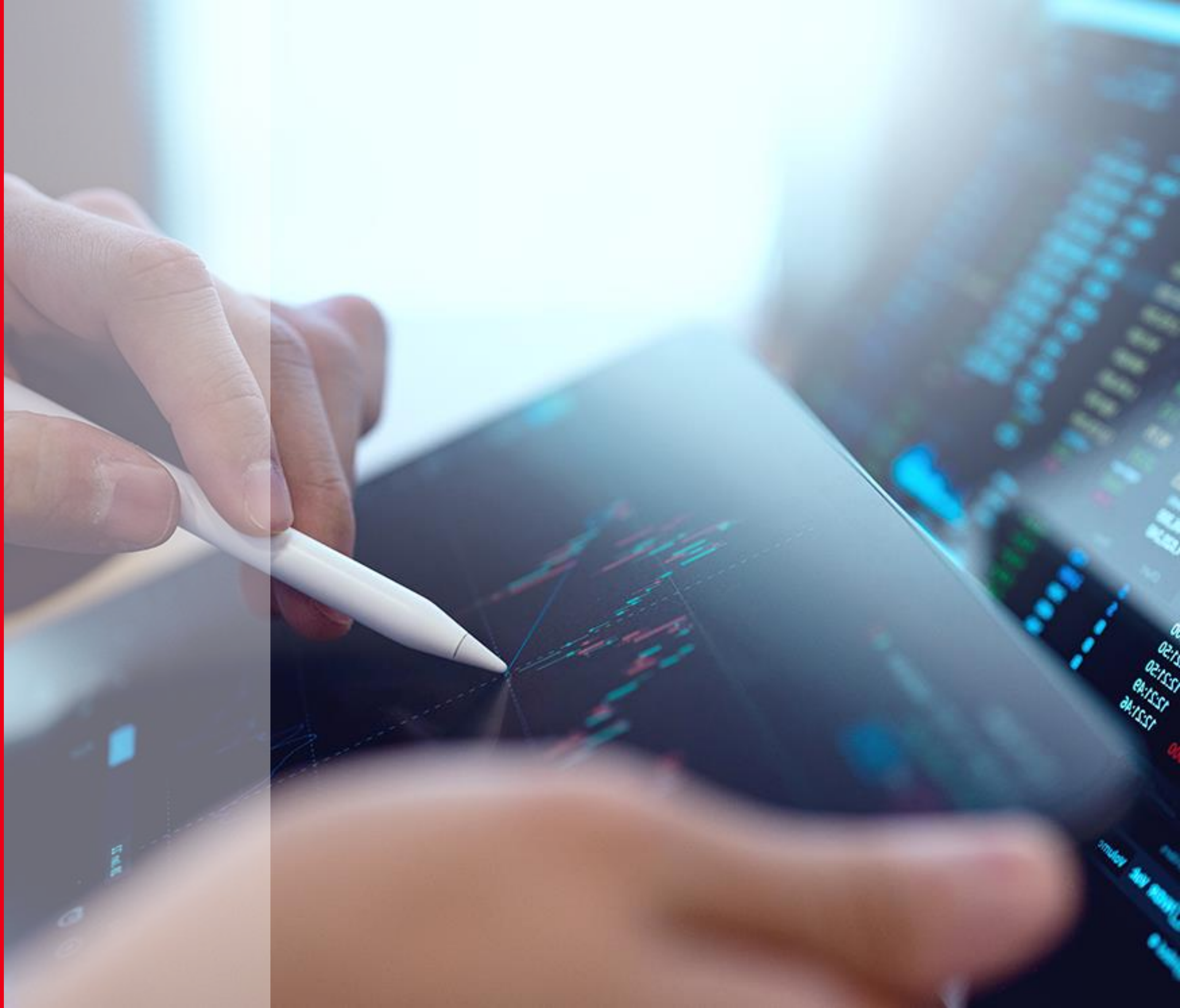
Reinsurance Market Update

Business Intelligence

April 2024



Proprietary & Confidential

Contents

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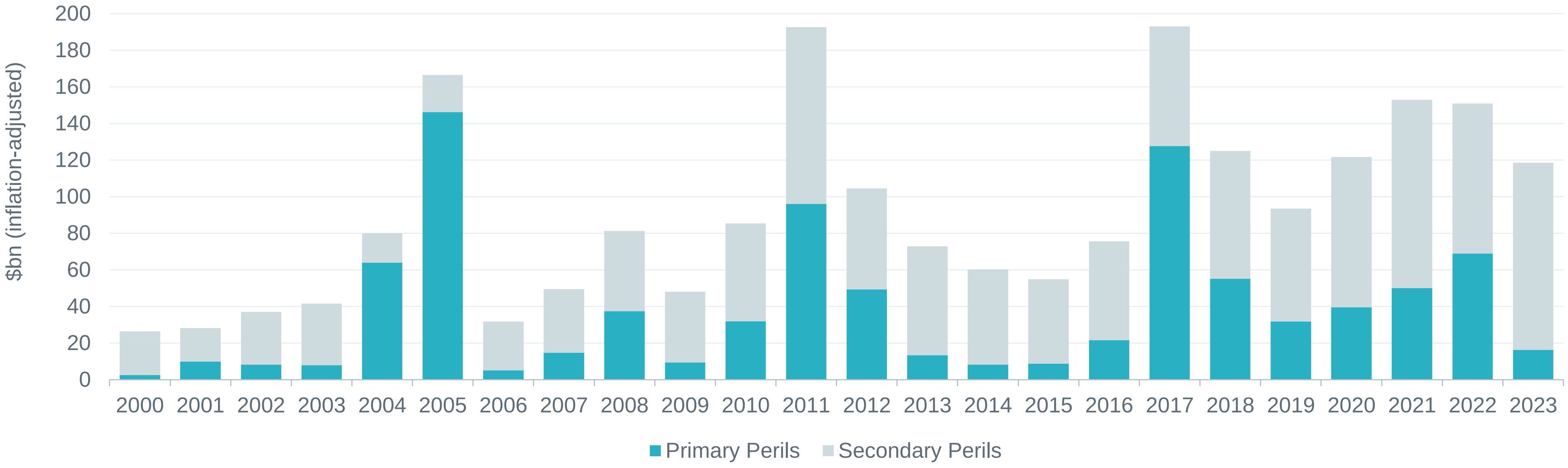
Macro Factors

Global Insured NatCat Losses

Aggregated losses since 2017 approaching $1trn; almost 60% from ‘secondary’ perils

- 2023 was the warmest year on record, with 24 countries recording their highest ever temperatures.
- Estimated economic losses from global natural disasters were above short and long-term averages at $380bn.
- Estimated insured losses were $119bn, making it the 8th most expensive year on record.
- Losses from primary perils were relatively low at $16bn, despite above average tropical storm and hurricane formation.
- ‘Secondary’ perils generated $102bn of losses, including $58bn of severe convective storm losses in the U.S. alone.
- The year featured a record number of $1bn+ losses (37).



Primary Perils: Earthquake, European Windstorm, Tropical Cyclone.
Secondary Perils: Drought, Flooding, Severe Convective Storm, Wildfire, Winter Weather, Other.

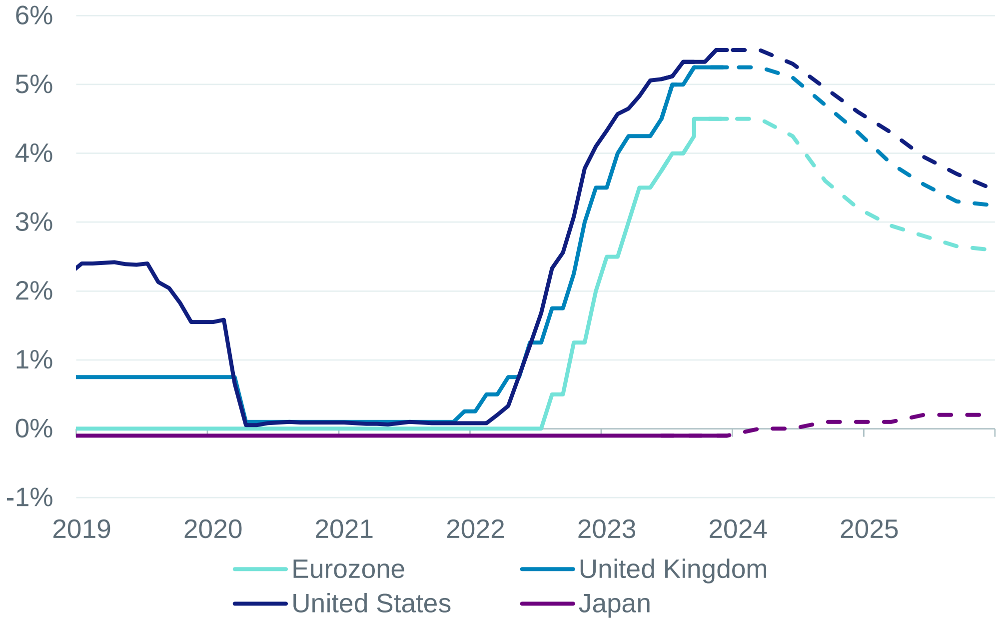
Source: Aon's Catastrophe Insight Database, as of March 21, 2024

Economic Inflation Is Approaching Target Levels…

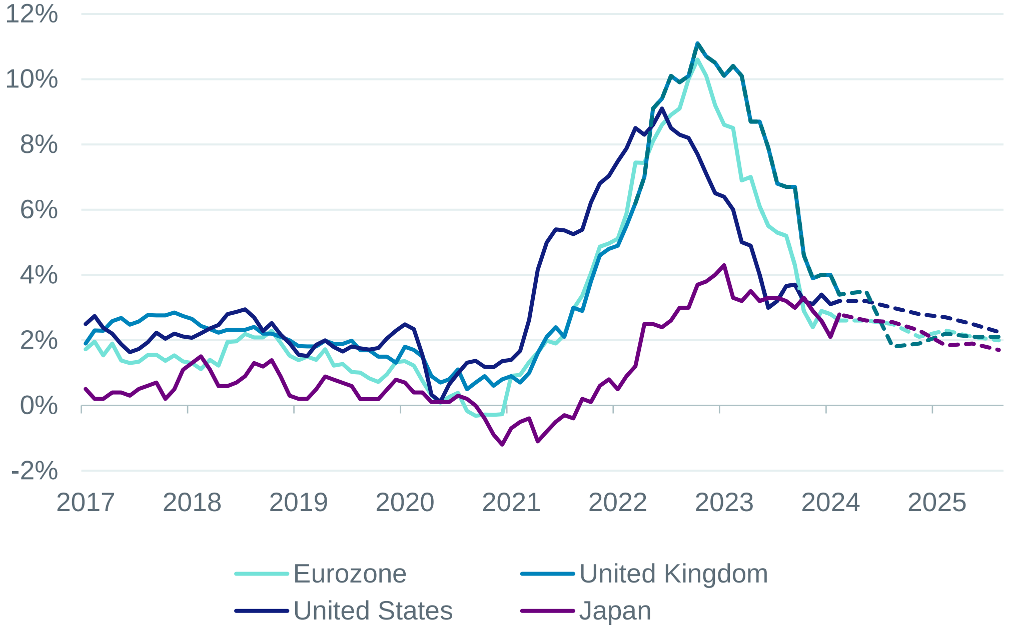
… But loss cost inflation remains elevated and social inflation is a major concern

- Subsiding economic inflation does not address investors' two major concerns:
  1. **Is today's pricing staying ahead of loss cost trends**? Commentary on recent earnings calls suggests the answer is broadly "yes", albeit with question-marks over professional liability, workers' compensation and cyber.
  2. **Are prior year reserves still adequate**? Most companies still show overall redundancies, but US general liability reserves in the 2016-2019 period are developing adversely.

Central Bank Interest Rates



Annual Consumer Price Inflation



Source: Bloomberg data and forecasts as at March 25, 2024.

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Reinsurer Results
Full Year 2023

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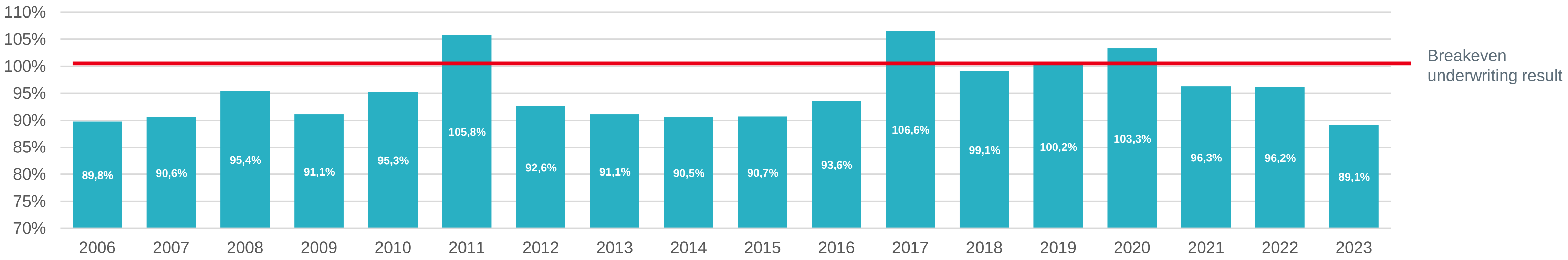
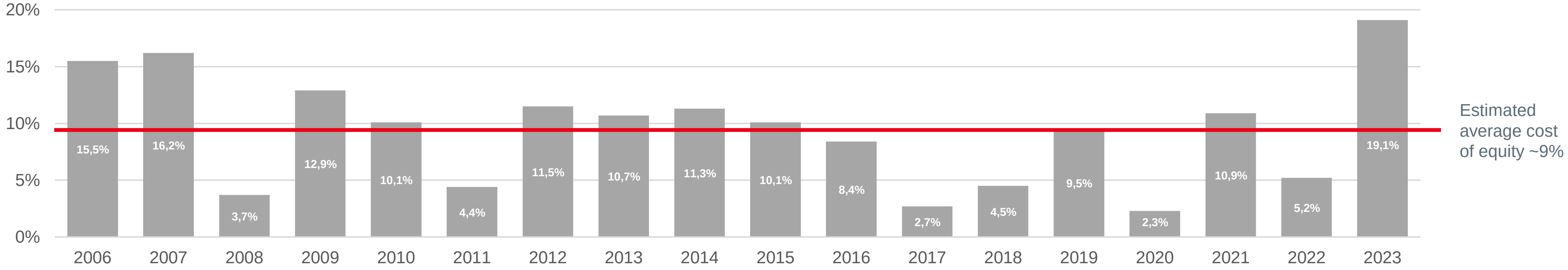
Reinsurance Sector Performance

Profitability rebounded in 2023

Net Combined Ratio



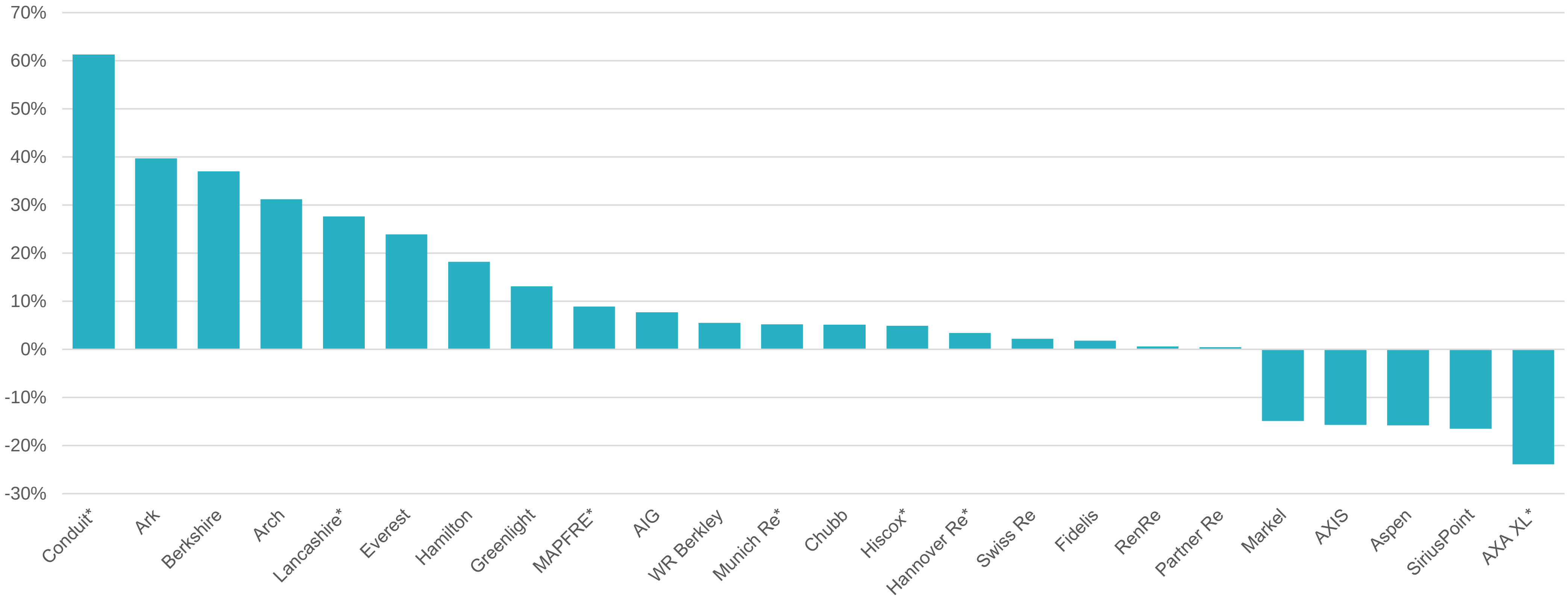
Return on Equity



Notes: Results based on Aon's Reinsurance Aggregate for 2006-2022 and Aon-calculated averages for 2023.
Source: Company financial statements.

Growth in Gross P&C Reinsurance Volume (FY 2023 vs FY 2022)

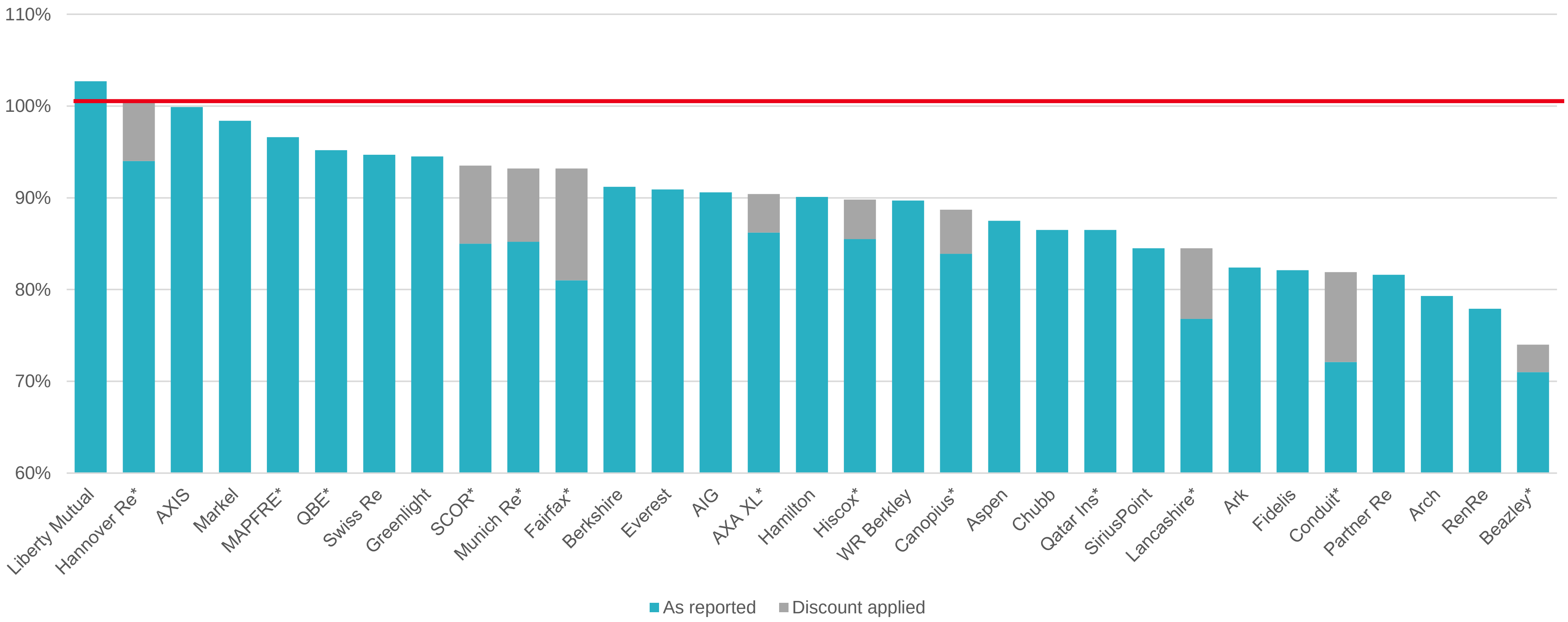
Property risk appetite the key differentiator



Notes: *Reporting under IFRS.
Source: Company financial statements.

2023 Net Combined Ratios

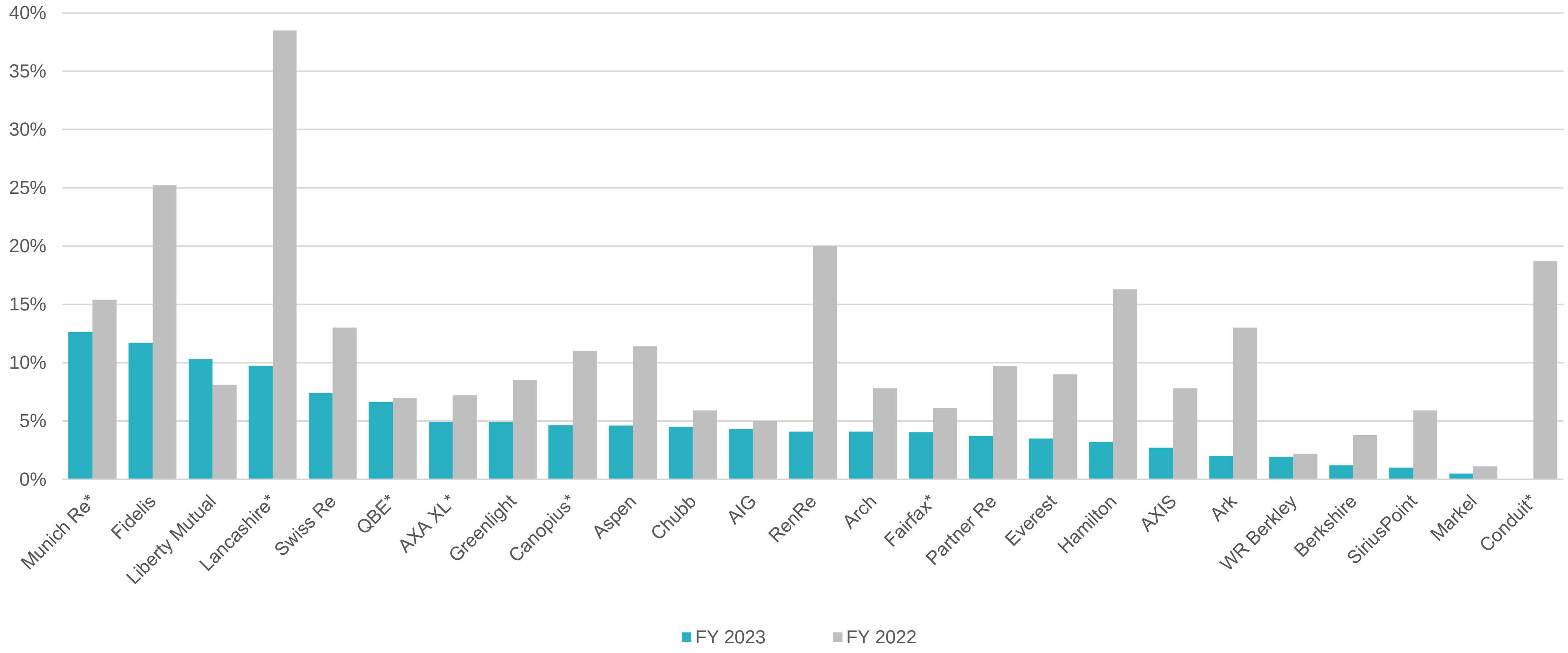
Average ~87% including discounts, reflecting improved pricing and low primary peril losses



Notes: * Reporting under IFRS.
Source: Company financial statements.

Net Cat Loss Ratios

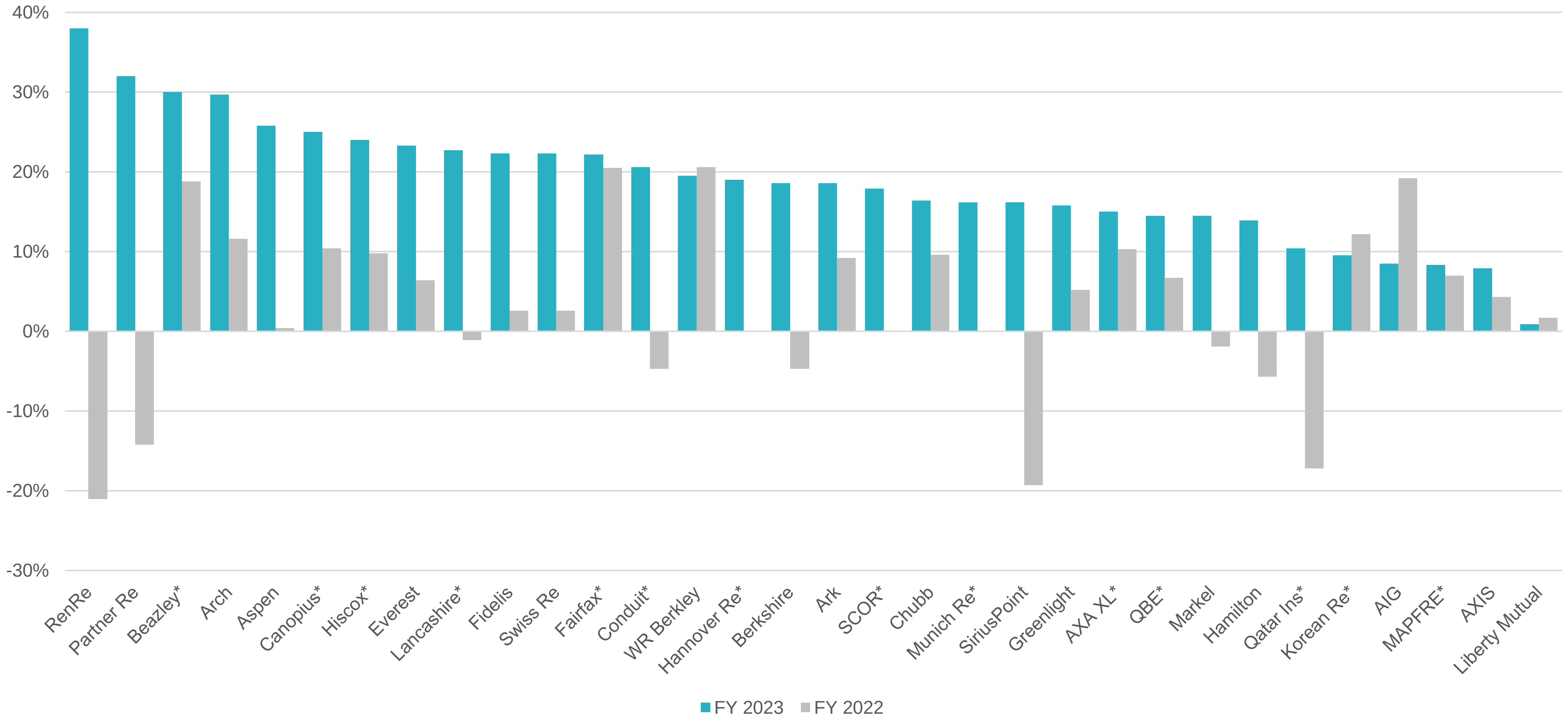
Low peak peril losses; secondary peril losses largely avoided



Notes: * Reporting under IFRS.
Source: Company financial statements.

Return on Equity

Average ~19% in 2023, boosted by strong investment returns and one-off Bermuda tax effect



Notes: * Reporting under IFRS.
Source: Company financial statements.

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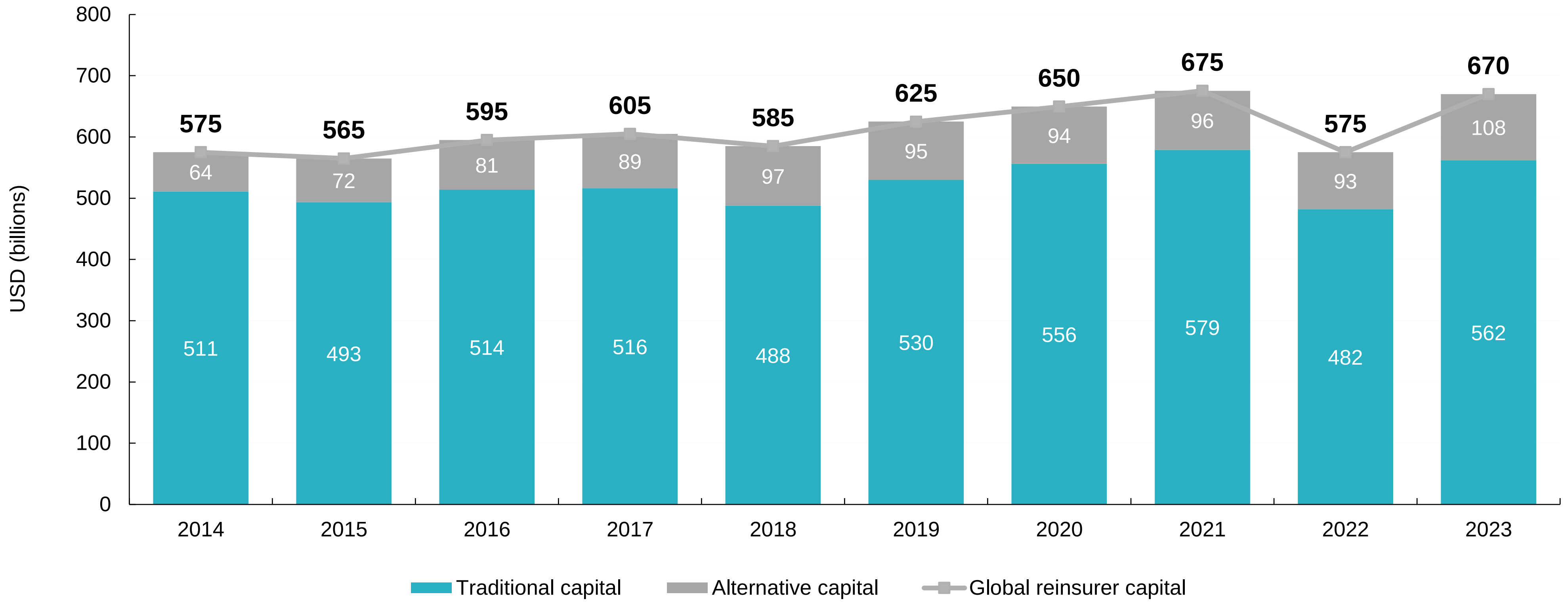
Reinsurance Capital

Global Reinsurer Capital

Strong recovery of reported equity; investors drawn to cat bonds

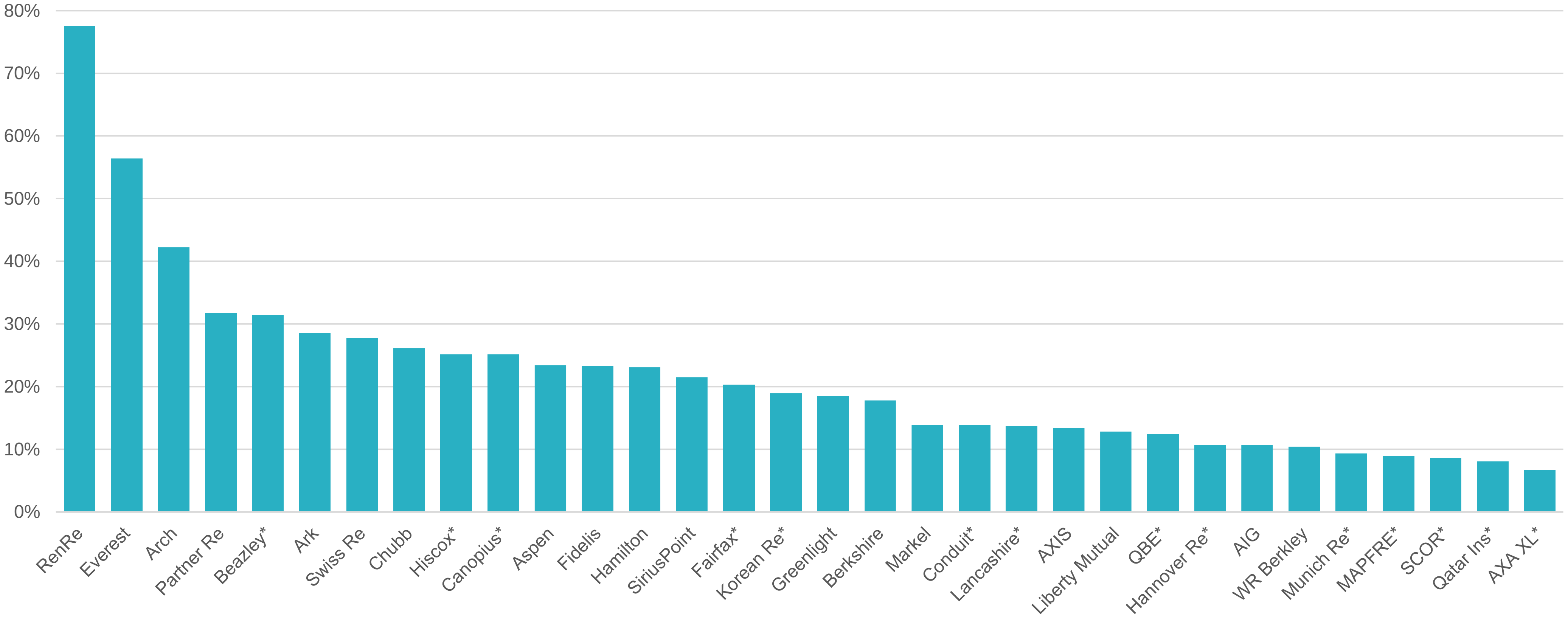
- Aon estimates that global reinsurer capital recovered by $95bn to $670bn over the year to December 31, 2023.
- Main drivers: strong underwriting results, higher net investment income, recovering asset values, new inflows to the cat bond market.
- Regulatory and rating agency capital adequacy ratios have generally remained strong throughout the last two years.



Notes: Traditional capital figures for FY 2021 and FY 2022 have been restated to reflect new balances disclosed under IFRS 17. This has smoothed the extent of the capital depletion seen in FY 2022.
Source: Company financial statements / Aon's Reinsurance Solutions / Aon Securities Inc.

Change in Total Equity (YE 2023 vs YE 2022)

Strong rebound from 2022 lows: capital raises at RenRe and Everest



Notes: * Reporting under IFRS.
Source: Company financial statements.

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Financial Strength Ratings

Rating Agency Outlooks on Global P&C Re Sector

Expected to earn cost of capital in 2023-2024

AM Best: Stable Outlook

- Outlook maintained at Stable in November 2023.
- Positive factors included substantial rate improvement with higher average attachment points, increased demand for coverage and rising investment income.
- Offsetting factors included persistent and growing uncertainty around underlying risks, cautious new capital and concerns about economic and social inflation.

Fitch: Improving Outlook

- Outlook revised from Neutral to Improving in September 2023.
- Underlying financial performance is expected to improve into 2024, driven by high price discipline, strong demand and rising reinvestment yields.
- The sector's near-term return on capital is expected to exceed its cost of capital (placed at 8-10%).
- Capital adequacy is expected to remain very strong.

Moody's: Stable Outlook

- Outlook confirmed as Stable in September 2023.
- Profitability is improving as a result of strong pricing conditions, particularly in property reinsurance, higher net investment income and healthy balance sheets.
- Vulnerability to large catastrophe losses and persistently high claims inflation are offsetting factors.

Standard & Poor's: Stable Outlook

- Outlook revised from Negative to Stable in September 2023.
- S&P expects the sector to earn its cost of capital in 2023-2024, based on favourable pricing conditions and increasing investment income.
- Challenges such as elevated natural disasters, increasing cost of capital, financial market volatility and inflation risk persist.

Source: Rating agencies.

Rating Actions Since January 1, 2023

Bias to the upside

Reinsurer	AM Best		S&P	
	FSR(1)	Outlook	FSR(1)	Outlook
Allianz Re	A+	Stable	AA	Stable
Allied World	A	Stable	A	CreditWatch Pos
American Ag	A	Stable	NR	--
Antares Re	A-	Stable	A-	Stable
Arch Re	A+	Stable	A+	Stable
Aspen Re	A	Stable	A-	Stable
AXA XL Re	A+	Stable	AA-	Stable
AXIS Re	A	Stable	A+	Stable
Barents Re	A	Stable	NR	--
Berkley Re	A+	Stable	A+	Positive
CCR RE	A	Stable	A	Stable
China Re	A	Stable	A	Stable
Chubb Re	A++	Stable	AA	Stable
Conduit Re	A-	Stable	NR	--
Convex Re	A	Stable	A-	Stable
Deutsche Ruck	NR	--	A+	Stable
DEVK Ruck	NR	--	A+	Stable
Everest Re	A+	Stable	A+	Stable
Fidelis	A	Stable	A-	Stable
GenRe	A++	Stable	AA+	Stable
GIC Re	B++	Positive	NR	--
Greenlight Re	A-	Stable	NR	--
Hamilton Re	A-	Positive	NR	--
Hannover Re	A+	Stable	AA-	Stable
Helvetia	NR	--	A+	Stable
Hiscox Re	A	Stable	A	Stable
HCC Re	A++	Stable	A+	Stable

Reinsurer	AM Best		S&P	
	FSR(1)	Outlook	FSR(1)	Outlook
IRB Brasil Re	A-	Negative	NR	--
Korean Re	A	Stable	A	Positive
Lancashire	A	Stable	A-	Stable
Liberty Mutual	A	Stable	A	Stable
Lloyd's	A	Positive	AA-	Stable
MAPFRE Re	A	Stable	A+	Stable
Markel Re	A	Stable	A	Stable
MS Amlin	A	Stable	A	Stable
Munich Re	A+	Stable	AA-	Positive
New India	B++	Stable	NR	--
Odyssey Re	A+	Stable	A	CreditWatch Pos
Partner Re	A+	Stable	A+	Stable
Peak Re	A-	Negative	NR	--
QBE Re	A	Stable	A+	Stable
R+V Re	NR	--	A+	Stable
RenRe	A+	Stable	A+	Stable
Sava Re	A	Stable	A	Stable
SCOR Re	A	Stable	A+	Stable
SiriusPoint	A-	Stable	A-	Stable
Sompo Re	A+	Stable	A+	Stable
Swiss Re	A+	Stable	AA-	Stable
Taiping Re	A	Stable	A	Stable
Toa Re	A	Stable	A	Stable
TransRe	A++	Stable	AA+	Stable
Triglav Re	A	Stable	A	Stable
Validus Re	A	Stable	A+	Stable
VIG Re	NR	--	A+	Stable

Upgrade / outlook raised since January 1, 2023 | **Downgrade / outlook lowered since January 1, 2023**

Note: 1. Financial Strength Rating.
Source: AM Best and S&P. Ratings relate to the principal reinsurance operations, as at April 12, 2024.

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Reinsurance Market Outlook

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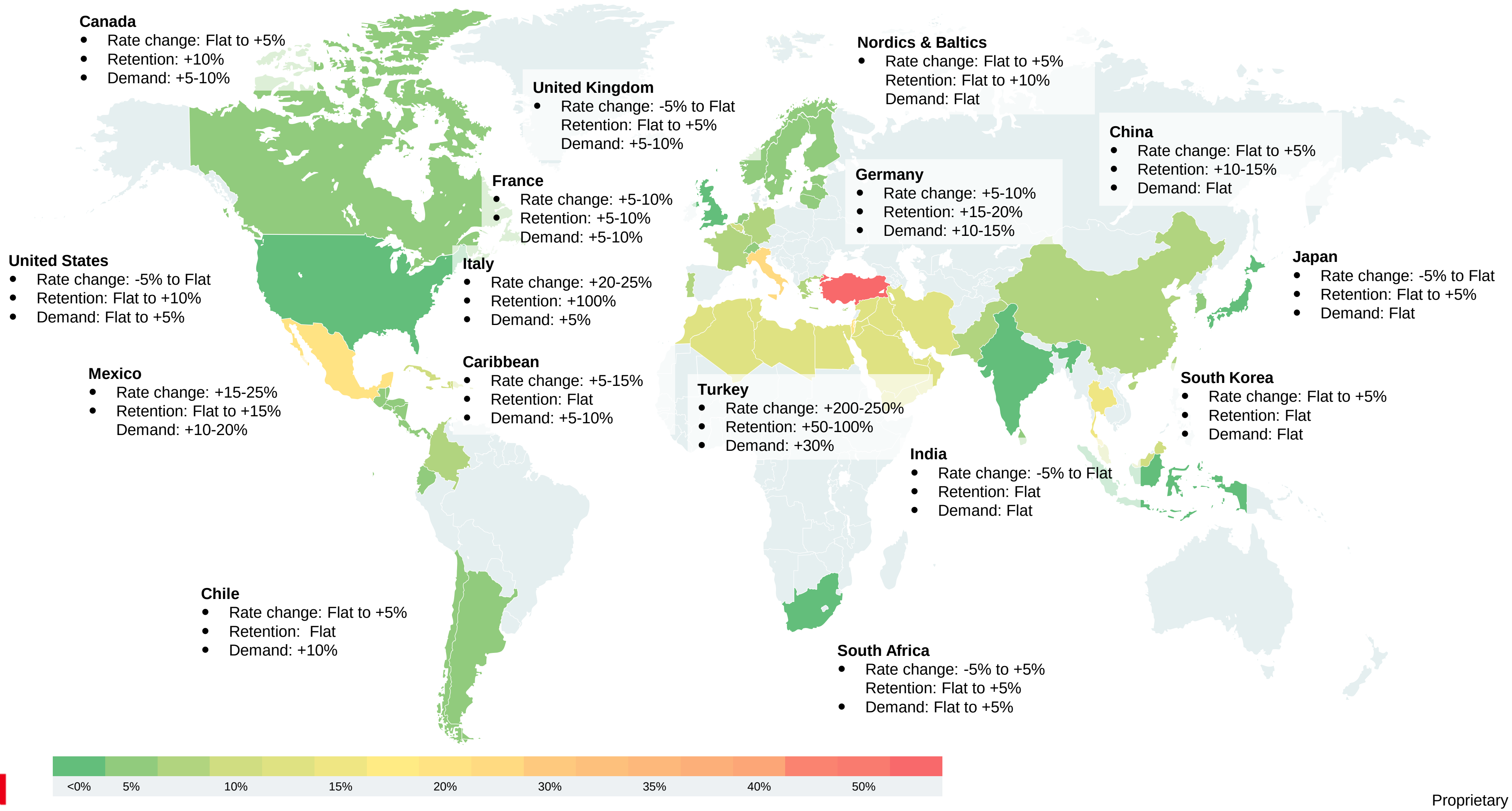
Global Property Cat Renewals: January/April 2024



Risk-adjusted rate change on loss-free business.

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Marine & Energy Renewal Trends

1st Jan 2024

General

- 1/1 renewals were late
- Price and coverage for 'Vanilla' marine and energy deals were established quickly
- Main time spent discussing appropriate coverage for a live war event
- Where WPVT classes were included, placements were much more complicated.
- Coverage for Israel and the surrounding region was uncertain until late into the renewal season, with Event Definitions again changing.

+2.5% - +7.5%
Spend

+5% - +12.5%
EPI

-2.50% - +2.5%
Adj. Rate

105% to 120%
Average Written Lines 1/1/23

120% to 150%
Average Written Lines 1/1/24

Demand

- Small increases in vertical limit were driven by changes to Upstream Energy max lines.
- Retention changes rarely seen
- Only major loss to note in 2023 was Pemex (approx. $725m)
- Most underlying marine portfolios grew, but this generally didn't change the purchasing approach.

Supply

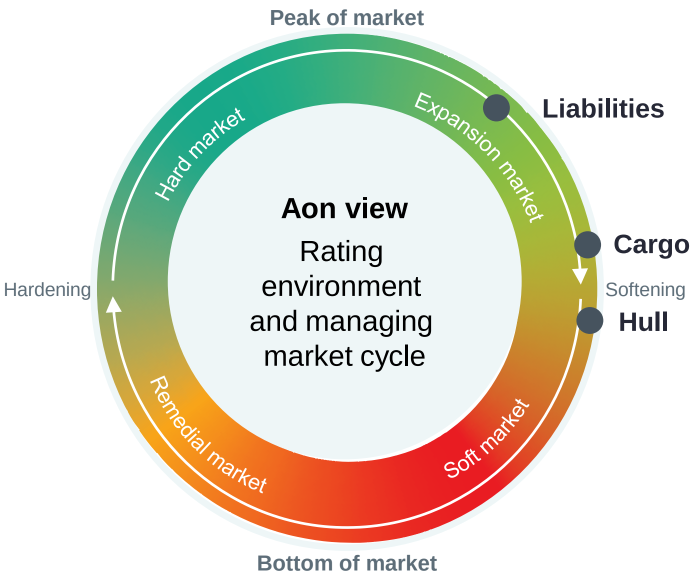
- Reinsurers looked to grow market share and take advantage of the favourable terms.
- Large LMX placements were in particularly high demand, with smaller FMX placements renewing with less competitive tension.
- Capacity retreated from PVT renewals, reinsurers fearing increase in frequency of loss could be the new norm

Market Insight

Cargo, Hull, Liabilities and Inland Marine

Trends

- Cargo: Challenging areas - stock heavy, auto, retail, pharma and food / beverage
  - Pharma and food / beverage account are especially challenging given temperature sensitivities and shelf-life concerns.
- Hull: Excess capacity fighting for a finite amount of business, driven by new entrants (carriers and MGAs) and existing carriers looking to grow. Insureds looking to save on insurance costs and drive price down through tenders.
- Liabilities: Social inflation in the US driven by nuclear verdicts is having a significant impact on US Marine Liability profitability and causing carriers to pull back / out of the class.



Outlook

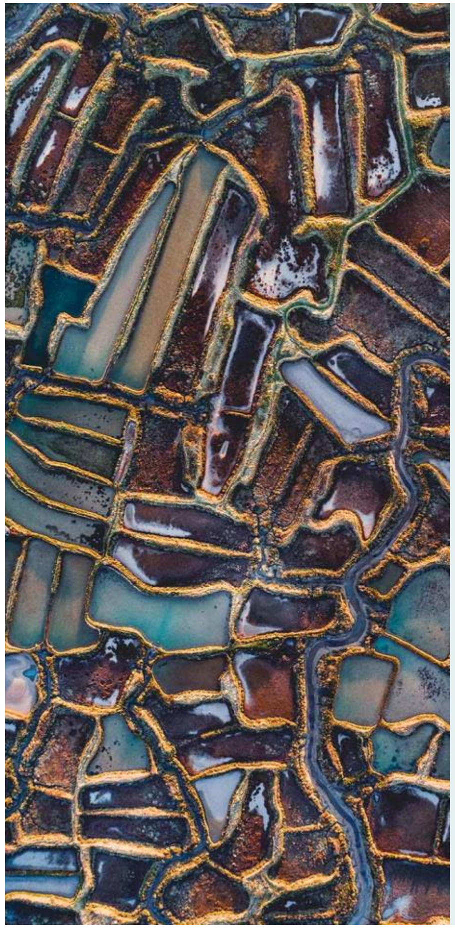
- The Marine market is softening across all lines, albeit at different paces; Hull and Cargo rates are softening most quickly.
- Over the last five years significant compound rate was achieved across Marine lines as it came under scrutiny from regulators and carriers for poor performance. It is now back at attractive profit levels.
- This has driven several new carriers and MGAs to enter (or re-enter) the market, increasing competition for a finite pool of risk. This increase in supply is further compounded by growth ambitions of existing carriers.

Focus topics

- Social inflation.
- War cover within the Red Sea, and China Taiwa RDS.
- Car Carriers / Electric Vehicles.

2024 Reinsurance Market Outlook

Past the pricing peak, but market to remain firm amid heightened risk



Climate change, adverse litigation trends, heightened geopolitical risk and supply chain disruption continue to challenge the broader market.

2024 is also a very active election year, adding to the global economic and political uncertainties.

Reinsurers' desire for growth will be kept in check by investors' demands for high returns in this elevated risk environment.

Recent renewals and higher interest rates provide a platform for reinsurers to perform strongly in 2024, absent extreme events.

Continued strong earnings will support capital growth at existing reinsurers and encourage inflows of new capital.

On current trends, gradual and modest softening of the market can be expected as the 2024 renewals progress.

The availability of earnings protection in 2025 will be heavily dependent on loss activity in 2024.

Adverse prior year reserve development could complicate matters for some reinsurers going forward.

6

Francis Scott Bridge

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Francis Scott Key Bridge

MV Dali allision with Francis Scott Key Bridge

Summary

On 26 March 2024 MV Dali commenced a voyage from Baltimore, Maryland, bound for Colombo, Sri Lanka. The MV Dali is an 95,128 gross ton container ship built in 2016.

Grace Ocean Private Limited, owners of the MV Dali entered the vessel for P&I cover with The Britannia P&I Club, a member of the International Group of P&I Clubs (IGP&I).

At or about 01:28 local time on 26 March 2024,
the vessel allided with the Key Bridge, owned by
the Maryland Transportation Authority.

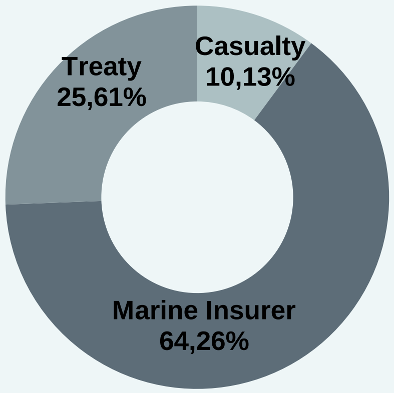
Limitation

On 1 April 2024, Grace Ocean, as Owners of the MV Dali, and Synergy Marine Ltd, as managers, have filed their petition for the exoneration or limitation of liability. The Limitation amount is 43.67m.

Estimate

The estimate is to be confirmed. The investigation is ongoing.

Markets



Marine Liability Market

Total estimated premium: $3.8bn

International Group

Policy Limit: $3.1bn