
Baden-Baden press briefing 2026

Current developments in Germany & Continental Europe

somewhat different



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Baden-Baden press briefing 2026

Today's speakers

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Media Relations

Risk landscape remains volatile despite moderate losses

Geopolitical tensions, climate change and technology risks increase the potential for losses

Economic uncertainties

Inflation, particularly rising
energy costs

Geopolitical tensions

Conflicts and fragile supply
chains

Ongoing climate change

More frequent and more
severe extreme events

Technology risks

Cyber attacks and growing
influence of artificial
intelligence (AI)

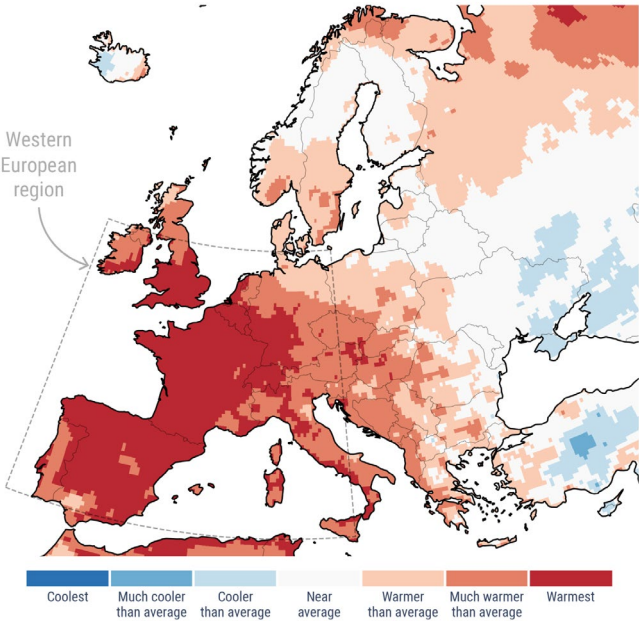
Europe is experiencing increasing temperature and weather extremes

Heat, drought and low water levels highlight climate-related risks

Average June–July temperature for western Europe reaches record high

Data: ERA5 • Reference period: 1991–2020 • Credit: C3S/ECMWF

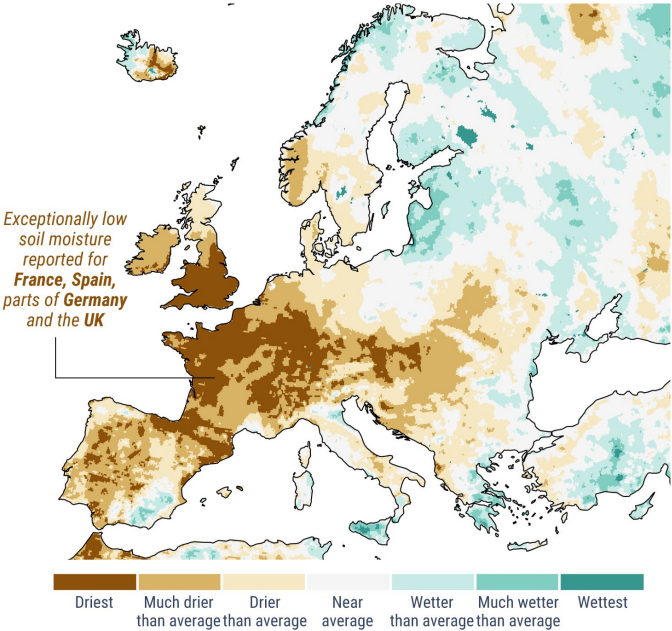
Anomalies and extremes in surface air temperature for June–July 2026



Exceptionally dry soils and low river flow across parts of Europe in July 2026

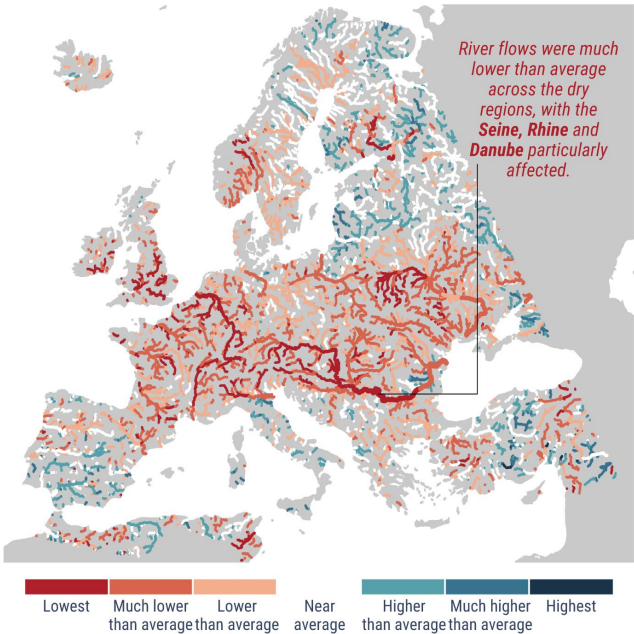
Anomalies and extremes in surface soil moisture

Data: ERA5-Land (1979–2026) • Reference period: 1991–2020 • Credit: C3S/ECMWF



Anomalies and extremes in monthly average river flow

Data: EFAS (1992–2026) • Reference period: 1992–2020 • Credit: CEMS/C3S/ECMWF



Looking to Europe

Current challenges in 2026 and outlook for the renewals as of 1 January 2027

Natural catastrophes

- Long-term growth in demand for natural catastrophes covers driven by climate change, inflation and value concentration.
- Significant protection gap between economic and insured losses remains.
- Prices remain broadly risk-adequate, with loss experience, market conditions and programme quality remaining key renewal factors.
- Selective growth with core clients at risk-adequate prices and terms.

Motor

- Bodily injury inflation and rising repair costs remain key challenges.
- Stable to improving claims frequency, supported by advanced safety systems and changing mobility patterns
- Risk-adequate pricing remains essential given ongoing claims cost inflation.

Liability

- Terms and conditions are expected to remain broadly stable.
- US-exposed portfolios continue to warrant particular attention.
- New liability regulations and a more claimant-friendly litigation environment are increasing liability exposures across Europe.

Structured reinsurance

- Structured reinsurance continues to play an important role for European insurers seeking to manage earnings volatility and optimize regulatory capital in an increasingly complex environment.
- Solutions such as surplus relief quota shares and multi-year aggregate covers support efficient capital management, enhanced solvency positions and protection against medium-sized loss events.
- Demand in structured reinsurance remains robust as a complement to traditional reinsurance programmes.

Speciality

- **Marine and aviation** are influenced by geopolitical tensions, global loss activity and an abundance of capacity. Terms and conditions expected to remain stable. Individual clients' portfolios and performance will be key when it comes to risk-adequate pricing, always with a focus on profitability and holistic client relationships.
- In **cyber** increased request for reinsurance structures that solve cedant issues provide us new opportunities to prove our solution orientation and flexibility.

Insurance-Linked Securities

What does this refer to?

Insurance-Linked Securities (ILS)

are financial instruments with values that are primarily driven by insurance and / or reinsurance loss events



Narrow sense:

Securities for which interest and principal payments are determined by the frequency and / or severity of insurance or reinsurance loss events

- the main type of these securities are known as catastrophe bonds



Wider sense (market understanding):

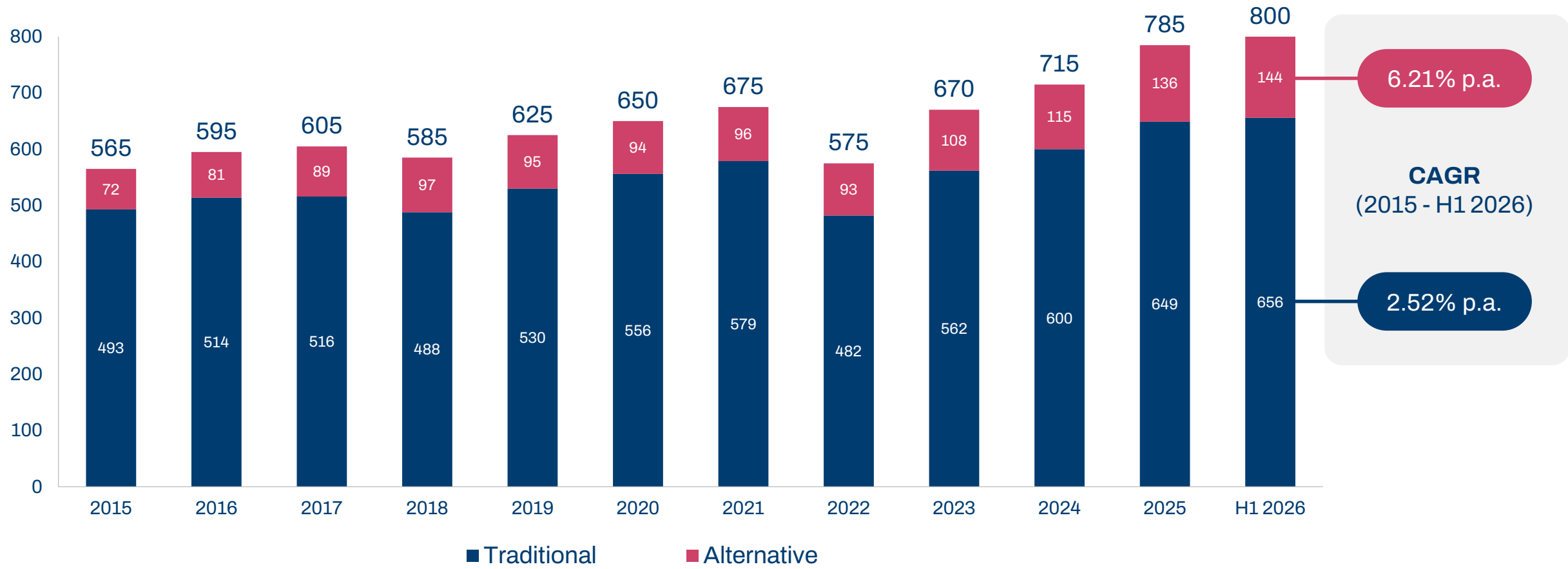
ILS can be seen as transfer of all (re)insurance related risks to capital markets

- next to catastrophe bonds these are: collateralised reinsurance, sidecars and others

Insurance-Linked Securities

An integral part of the reinsurance market

Global reinsurance capital (in bn USD)



Source: Aon Securities Inc.: Snapshot Guide to the Reinsurance Renewal (September 2026) and Reinsurance Market Dynamics (January 2026)

Hannover Re's Insurance-Linked Securities Team

We build the bridge between capital markets and (re)insurance

Our mandate

Transformer, to bridge the needs between risk protection buyer and capital markets



Fund manager and investment manager, to invest on behalf of Hannover Re as well as third parties in ILS

Catastrophe Bond Transformation



Collateralised Fronting



Life ILS



Leine Investment



Hannover Re Capital Partners



Catastrophe bond market

A marriage between reinsurance and capital markets

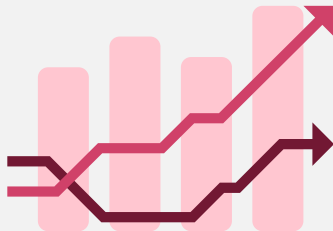
Reinsurance



- NatCat risks
- Low visibility
- Non-tradeable



Capital Markets



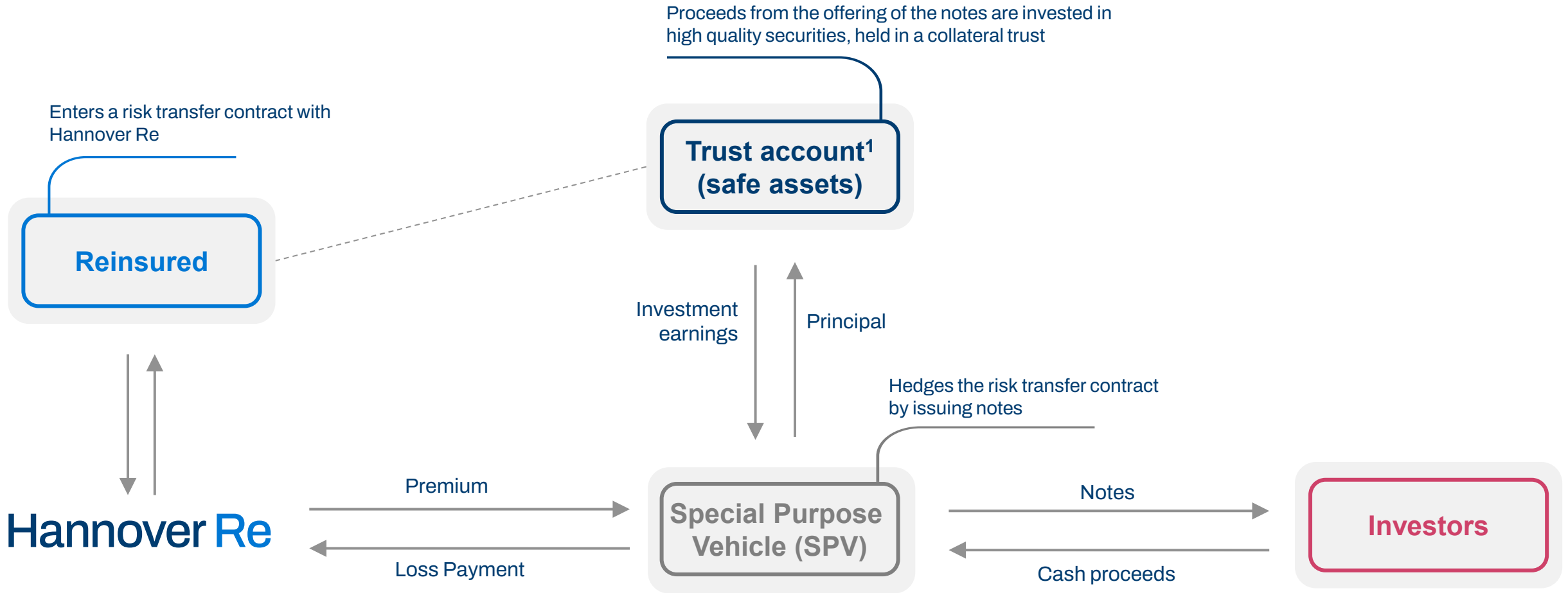
- Financial Risks
- High visibility
- Tradeable

Catastrophe Bonds



...combining reinsurance
and capital markets

Catastrophe Bond Transformation Structure – with transformer



Catastrophe bond market

German market

- Only a few German primary insurers have issued catastrophe bonds.
- Allianz is by far the largest sponsor of catastrophe bonds, with 16 issuances to date totaling approximately USD 2.5 billion.

Selection of catastrophe bonds issued by German primary insurers

Transaction	Sponsor	Risk	Volume	Expected Loss	Risk Interest Spread
Yardstick Re DAC 2026-1	BarmeniaGothaer	Germany Flood	EUR 100m	0.21%	1.95%
Liongate Re DAC 2025	Zenkyoren / Sparkassen Versicherung	Japan & Germany Earthquake	USD 100m	1.15%	3.50%
Maschpark Re 2024-1	Talanx AG	Chile Earthquake	USD 100m	0.92%	3.50%
King Max Re DAC 2023	VKB Re	Germany Earthquake, Flood, Hail and Wind	EUR 175m	0.81%	5.00%
Blue Sky Re DAC 2023-1	Allianz	Europe Wind	EUR 250m	2.14%	5.75%

Source: Hannover Re data base

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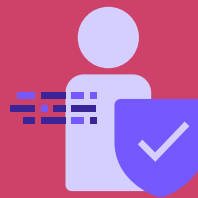
**Catastrophe
Bond
Transformation**



**Collateralised
Fronting**



Life ILS



**Leine
Investment**



**Hannover Re
Capital
Partners**



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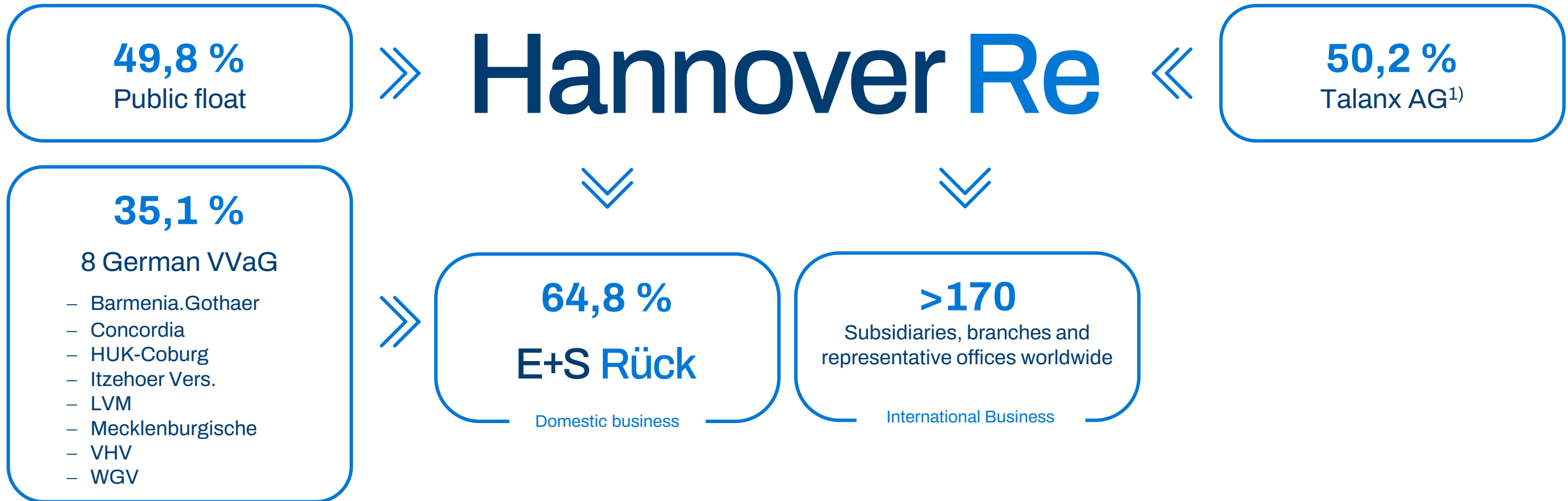
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Germany's largest motor reinsurer



1) Majority owner HDI V.a.G. .