Press Release – Renewals 2024

Zug, 25 January 2024

SI Re completes highly successful January renewal

- **Quality of SI Re´s book of business further enhanced**
- **Premium volume moderately increased by 2% to € 202.4 million**
- **Client base further diversified and expanded**

SIGNAL IDUNA Reinsurance Ltd (SI Re), a Swiss reinsurer based in Zug, completed its January renewal, once again strengthening its book of business across key indicators. The estimated premium volume increased from € 198.4 million by 2% to € 202.4 million, broadly in line with the overall market´s expansion. In addition, SI Re was able to rewrite roughly 16% of its 3rd party property and casualty business in line with its strategic goals of strengthening the resilience of its the existing book of business while expanding into diversifying markets.

“We are highly satisfied with the outcome of this year´s renewal,” says Bertrand R. Wollner, Chief Executive Officer of SI Re, “As we continued on our route of enhancing our book´s profitability and reducing its exposure to frequency risks, we further expanded our share in non-proportional covers. We thus maintain greater transparency and control of the risks we underwrite while improving our returns. In addition, we further enhanced our book’s profitability by adjusting our participation in small low-margin programs. While pursuing our goal of achieving economic sustainable margins and volumes, we maintain a cautious approach in the type of business SI Re engages in.”

Shifting into layers with higher attachment points, SI Re focuses on providing capital protective capacity to its clients, reducing its exposures to those frequency risks which caused many of the recent weather-related catastrophe losses in Europe. While the premium of the renewed 3rd party book of business expanded by 6%, SI Re acquired 12% new business, much of it with new clients – further diversifying its portfolio.

In particular, SI Re reduced its coverage of proportional motor business in Eastern Europe where the rate levels of the original portfolios did not develop in line with the economic drivers of claims inflation. Instead, SI Re entered the UK motor market, writing select non-proportional programs with a focus on personal lines. In addition to the UK, SI Re also expanded its client-base in the DACH countries as well as in the Benelux. Furthermore, SI Re reduced its overall exposure in the proportional agricultural market where unfavorable weather-patterns intensified over the last decade, forcing the market to constantly adjust to the changing conditions.

Orderly European renewals

“We saw a functioning market in this year´s renewal,” further alludes Robert Salzmann, Head of Underwriting, ILS markets and Retrocession at SI Re. “Still, markets remained disciplined. Although the friction in the retro-market has eased since its peak in early 2023, participants stick to higher attachment levels and tight terms and conditions. This spills to the reinsurers which trim their portfolios to reduce the impact from frequency losses. It further affects the insurers, which need to maintain rate adequacy in the original portfolios to cope with the increased retention levels. For proportional programs, which still present the most common and favored cover to cedants, reinsurers only provided capacity on very strict terms. This situation will continue unless the rate level of the original books of business have been improved visibly.”

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As globally dedicated reinsurance capital returned close to its all-time high with USD 561 billion, this renewal we saw a functioning market in Europe too. However, the market´s balance remains fragile. On the one side, the market still thrives to limit its exposures. On the other side, the overall available risk capacity still lags behind the rise in inflation. Nevertheless, at this year´s renewal the market was better prepared to handle uncertainties around the impact of inflation and the changing interest rate environment. In addition, over time reinsurers´ investment returns will clearly benefit from the rise in interest rates.

In property, much of the restructuring of the French and German programs already happened in 2023. At this year´s renewals the trend towards increased attachment levels and buying more capacity continued. Regions like Norway, Sweden and Italy followed suit in the 2024 renewal, as these markets were impacted by heavy weather-related losses in 2023. Again, this year's natural catastrophe losses exceeded USD 120 billion, mainly driven by frequency peril related losses.[*] Being the 4th consecutive year of natural catastrophe losses exceeding the USD 100 billion mark, this ongoing development will eventually require a structural market adaptation to align to this new normal.

About SI Re

SIGNAL IDUNA Reinsurance Ltd (SI Re) was founded in 2003 in Zug, Switzerland. We focus on European markets and non-life lines of business.

We offer our cedants a reliable and long-term reinsurance alternative and use our longstanding experience and market expertise to support our clients in managing their business requirements.

SI Re has a strong capital base. It has an "A-" financial strength rating from Fitch. You can find further information on SI Re at www.sire.ch

[*] According to Gallagher Re´s 2023 Natural Catastrophe and Climate Report