2025 Marsh FI Conference Recap

Event Overview

Wednesday, September 17th
8:30 am to 5:30 pm
1166 Avenue of the Americas, New York, NY
34th Floor

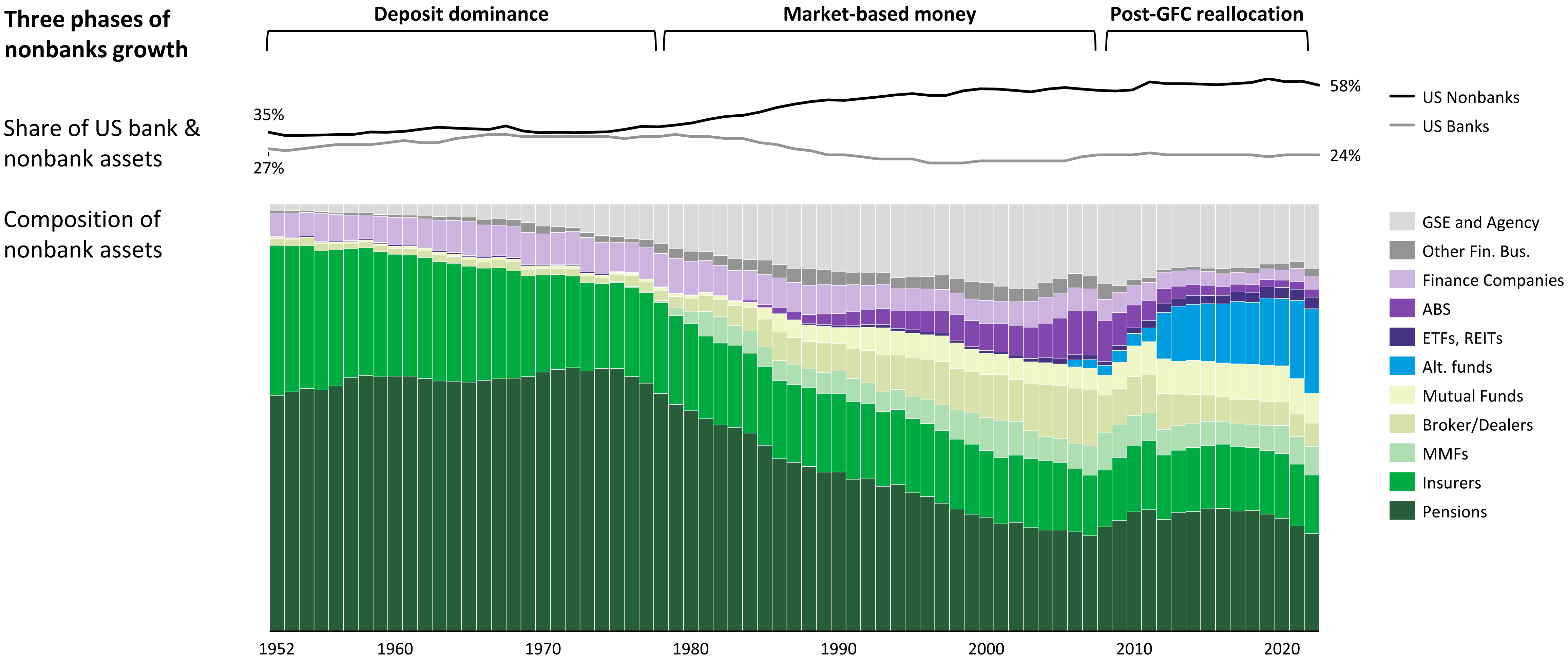
Table of Contents

Private Credit

1

CAPITAL MARKET (R)EVOLUTION

Capital markets are being reshaped as non-bank investors play a larger part in financing, from origination to funding to liquidity provision

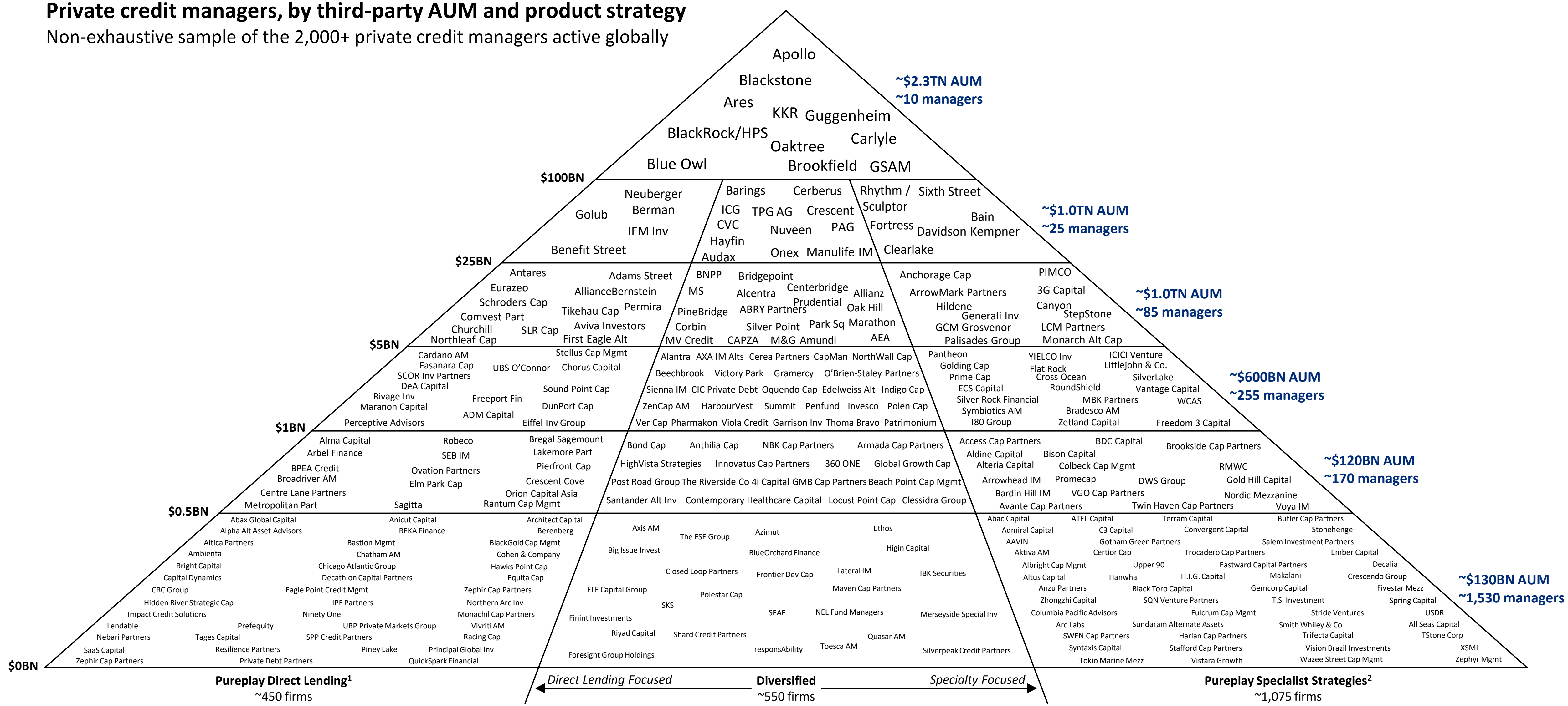


"Issuer-to-Holder (From-Whom-to-Whom)," US Federal Reserve

PRIVATE CREDIT COMPETITIVE LANDSCAPE

Private credit managers, by third-party AUM and product strategy

Non-exhaustive sample of the 2,000+ private credit managers active globally



1. "Pureplay" direct lending fund managers have >90% of comingled Credit Fund AUM attributable to a direct lending strategy, irrespective of strategies deployed outside of private debt (PE/VC) 2. "Pureplay" specialist strategy fund managers have >90% of comingled Credit Fund AUM in Specialty Situations, Distressed, Mezzanine, Venture, or other strategies Source: Preqin, Oliver Wyman analysis

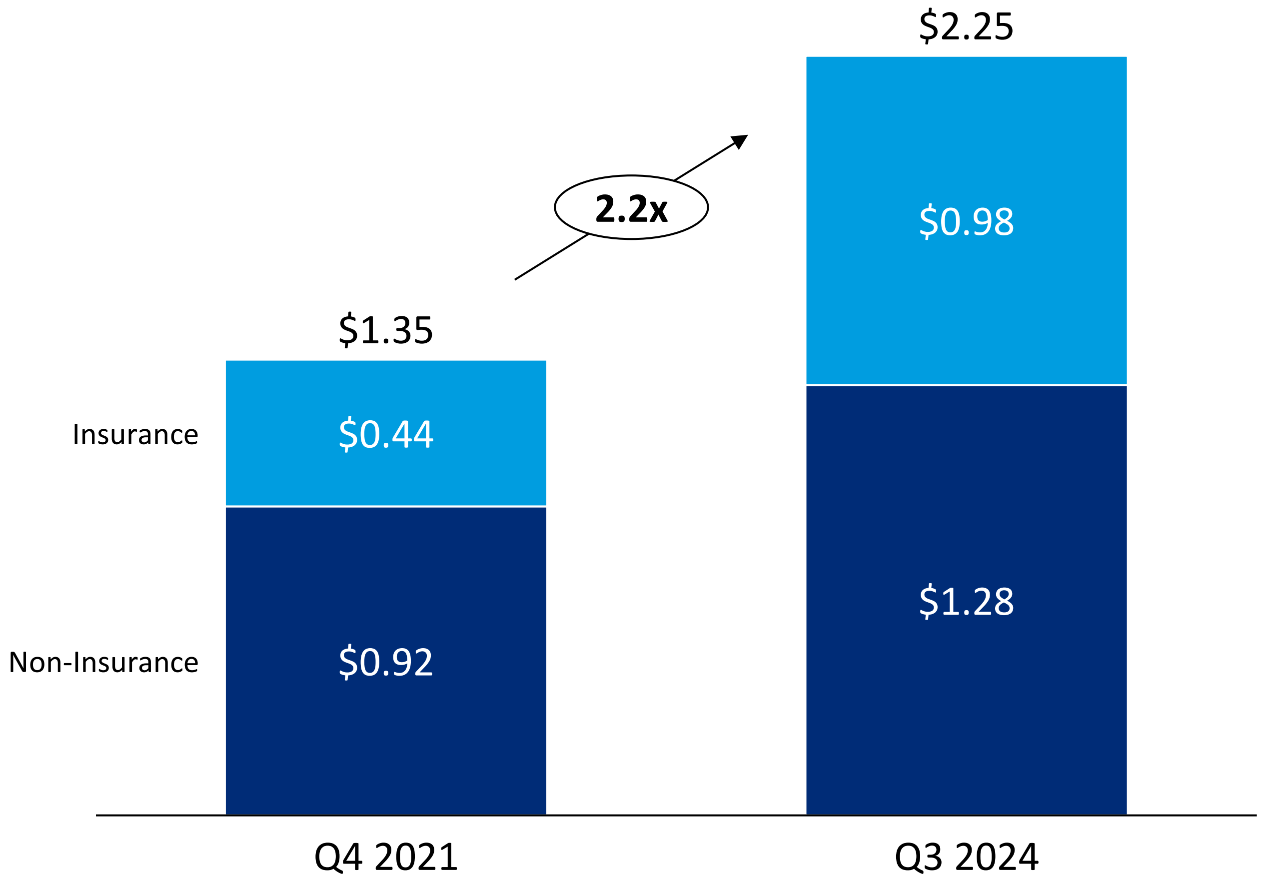
KEY TRENDS IN & AROUND PRIVATE CREDIT

Theme		Key discussion points
Investors	Insurance allocation	• Insurers now comprise >50% of credit AUM for the largest alt. AMs • Predominantly driven by Life and Reinsurers in US and Bermuda – growing focus on Cayman Re, UK Life, and EU
	Wealth / retail distribution	• Proliferations of partnerships to tap Wealth investors, with significant growth in interval funds to support • Potential executive order around private markets assets in 401(k)s
Products	Rise of asset-backed financing	• ABF may now have usurped Direct Lending as the largest private credit asset class • Wide array of underlying products, with diverging strategies for origination
	Growth in private credit secondaries	• To support shift in asset allocations, and meet some acute liquidity needs of endowments, private credit secondaries interest has grown for AMs and investors
Competitive landscape	Increased focus on bank/AM partnerships	• Bank partnerships with private credit funds has steadily expanded to meet both Bank and AM priorities • Not all partnerships are created equal – many fail to meet expectations
	US bank capital changes	• Changes in capital requirements for US banks will likely be a headwind for some parts of private credit as banks deploy more capital towards lending on their balance sheets
Regulation	Growing focus on bank/nonbank connections	• FSB, ECB, PRA, and FRB have all (to varying degrees) begun examining connections between banks and NBFIs, including private credit
	NAIC SVO review of private ratings	• Scrutiny of ratings approaches for private structured securities in insurer portfolios also on the rise, with agency-on-agency quibbling as a result

INSURANCE ASSETS HAVE FUELED PRIVATE CREDIT'S RECENT GROWTH – FURTHER SHIFTING THE FOCUS TO INVESTMENT GRADE ASSETS

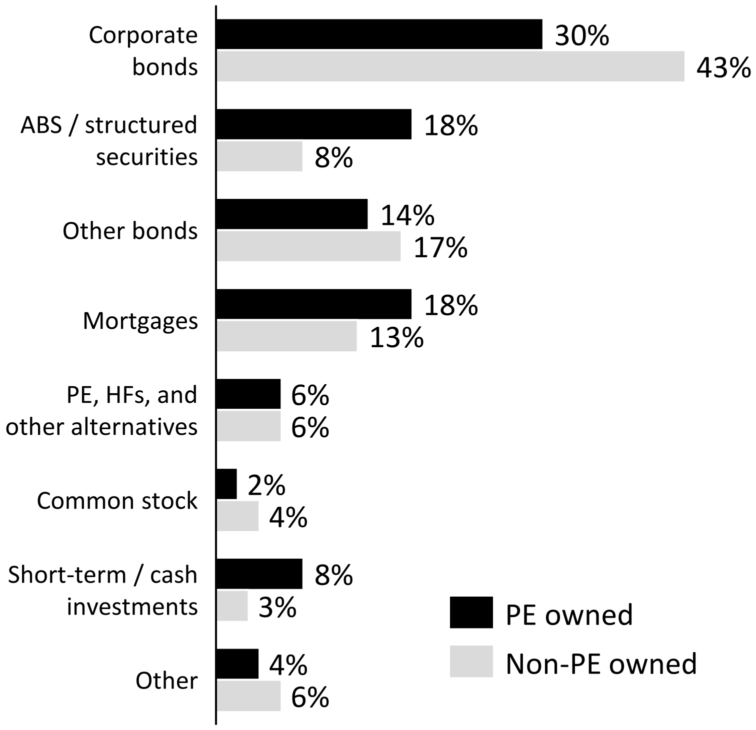
Estimated credit AUM[1] from insurers over time

Top seven North American listed private markets firms ($TN)



Asset allocation mix

US PE owned vs. non-PE owned life, 2023

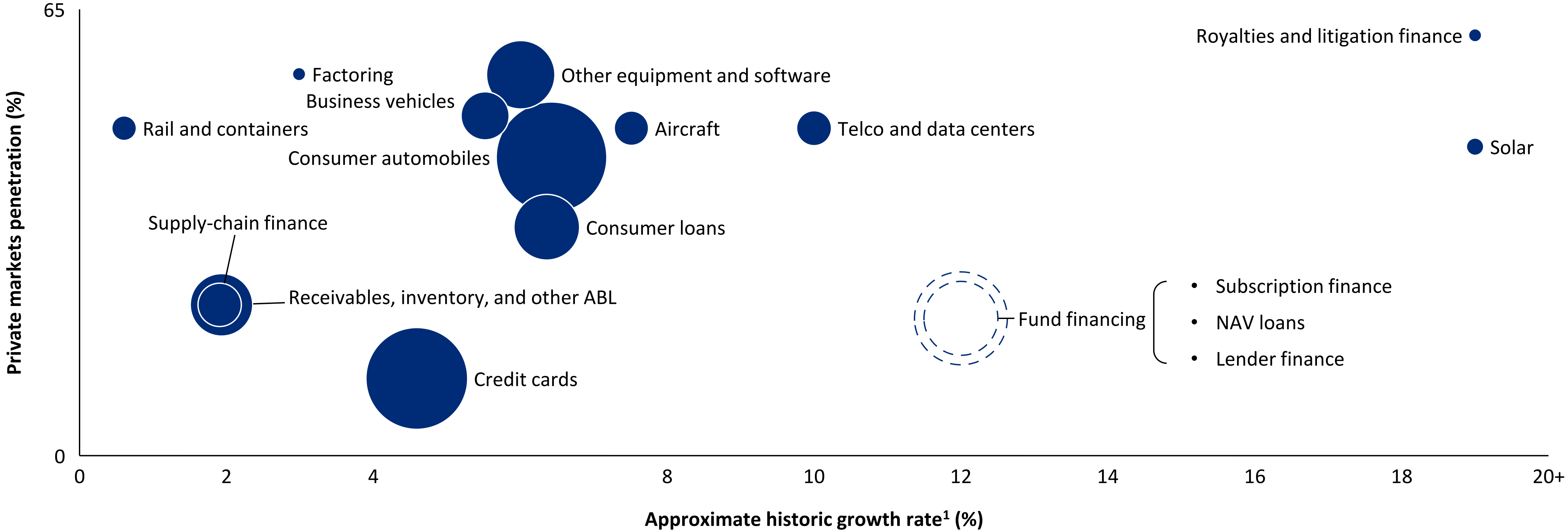


Source: Company disclosures, Oliver Wyman analysis and estimates 1. Credit assets include Private Credit, Real Estate Debt, Infrastructure Debt; Liquid Strategies have been excluded, where possible. Includes co-mingled funds and SMAs.

GIVEN THEIR IG FOCUS, ASSET-BASED FINANCING IS ATTRACTIVE TO INSURERS – WITH LESS RESIDUAL SUB-IG CREDIT TO PLACE RELATIVE TO DIRECT LENDING

US ABF market (excl mortgage/RE and Project Finance), by growth rate and private capital penetration

Bubbles scaled to size of 2023 market

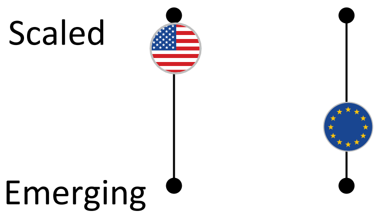
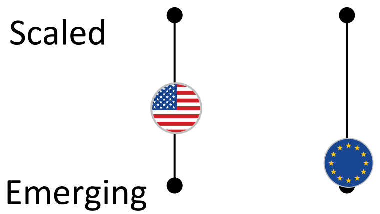
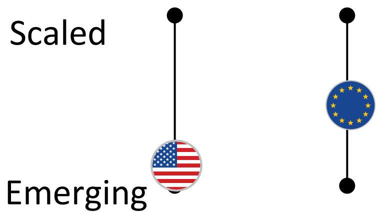


1. Approximate 5-yr historic CAGR (2018-2023) for total lending by asset, estimated from a range of sources. Growth in total lending used where possible, in some cases growth triangulated from other sources including growth in underlying assets and ABS issuance.

Source: Private Credit's Next Act, April 2024 by Huw van Steenis and colleagues, Oliver Wyman. Oliver Wyman analysis and estimates, aggregated from a range of sources including, but not limited to: Federal Reserve Board (Z1 tables, G19, G20 and H8); Federal Reserve Bank of New York; Federal Reserve Bank of Dallas; Bureau of Transportation Statistics (BTS); Dealogic; ©2024 Conning, Inc., Conning Esoteric ABS Strategy Fact Sheet – used with permission; Finsight.com; Structured Finance Association; Boeing (Commercial Aircraft Finance Market Outlook); Secured Finance Network; Equipment Leasing and Finance Association; Morgan Stanley Research; CACIB Research; company reports and disclosures.

O2D 2.0

Banks now follow three broad mechanisms to grow credit distribution

	Capital Market structures	Private Capital structures	Credit Risk Transfer (CRT) solutions
Description	Traditional "originate to distribute" model include securitizations (conduits and traditional), participations, syndications, etc.	Partnerships with Private Credit funds or Asset Management for end investors via fund, SMA, or direct participations	CRTs/SRTs (funded & unfunded) and non-payment insurance (NPI)
Current penetration US vs. EU			

CASE STUDIES OF BANK-PRIVATE PARTNERSHIP MODEL

Banks and asset managers have also established joint ventures to provide private debt financing – the exact model of partnership may differ case by case

Jefferies / MassMutual / SMFG

- "JFIN" is a joint venture between Jefferies Financial Group and MassMutual that also includes a strategic partnership with SMFG
- Focus on senior secured loans to PE-sponsored upper middle market companies, accessing deal-flow from IB clients
- Launched with \$1.7 BN capital, scaled to pre-tax income \$271 M in 2021
- SMFG provides finance to expand JFIN's leveraged finance origination and underwriting efforts

BNP PARIBAS / APOLLO / MassMutual

- Eliant Inventory Solutions is a fully-owned sub of Athene
  - Athene provides the majority of financing to Eliant (1.5bn now), with BNPP providing additional leverage
  - BNPP originates opportunities with existing corp clients and structures the facilities – Apollo provides asset management and distribution expertise for the entity
- Atlas SP – former Credit Suisse (BNP provides 4BN to the JV, Mass Mutual 4-5BN)

SOCIETE GENERALE / Brookfield

- Partnership to originate and distribute investments to insurance companies through a private investment-grade debt fund
- Targeting €10 BN over four years
- Dual focus on:
  - real-assets credit across power, renewables, data, midstream and transportation
  - fund finance

BARCLAYS / Blackstone

- Partnership with Blackstone to invest in \$4BN of Barclays-originated credit card debt (Project Bronco)
- Structured as a cash securitization, Blackstone takes the mezzanine exposure on the US cards portfolio, with Barclays retaining the servicing rights
- Blackstone Credit & Insurance team (BXCI) rates and distributes this credit partnered insurers (e.g., Resolution Life)

WELLS FARGO / Centerbridge

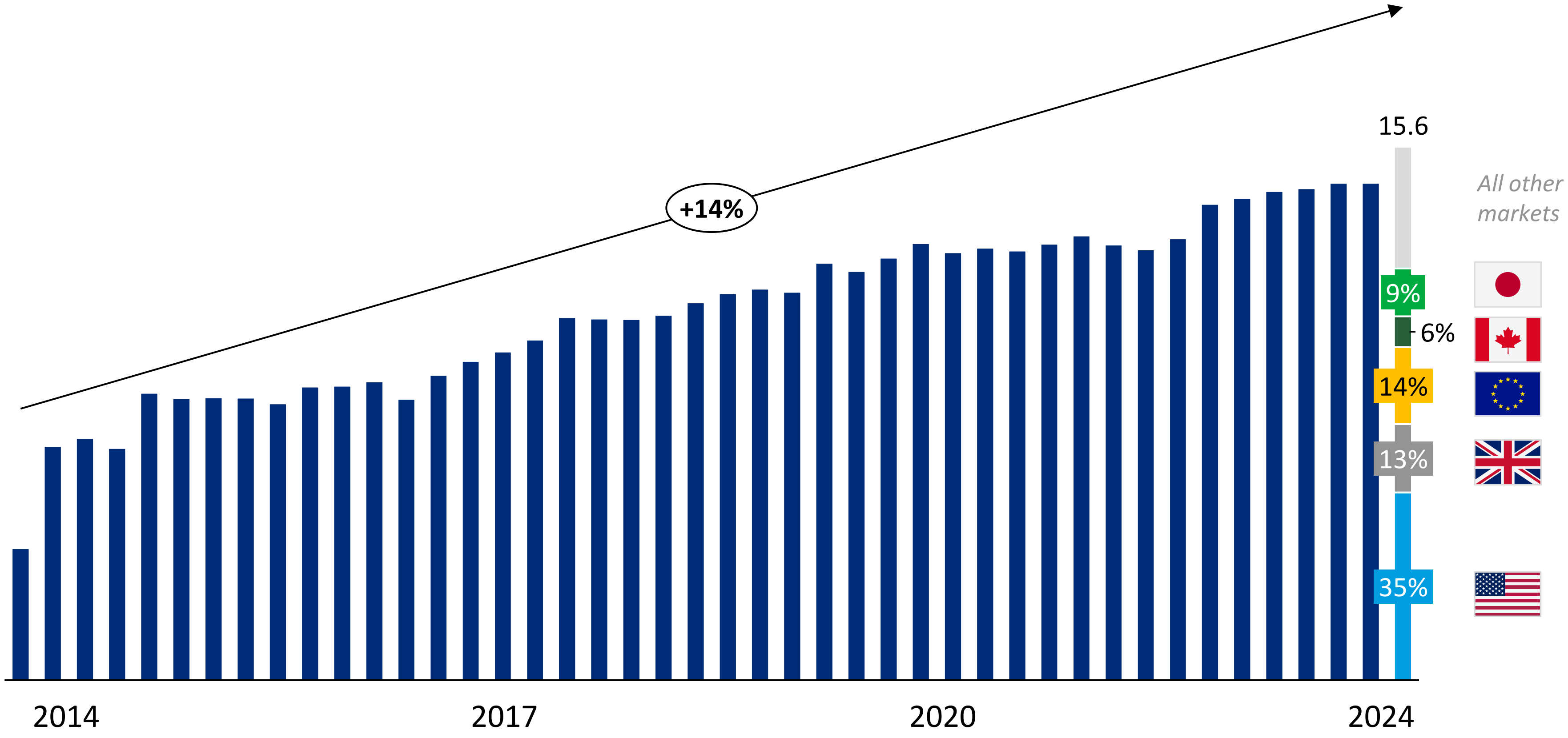
- Strategic relationship for direct lending to non-sponsor backed, North American, mid-market corporates
- Targeting a minimum \$5 BN in investible capital
- Established joint venture company "Overland" to make senior secured loans to Wells Fargo's existing customer base
- Anchor investors include WF, Abu Dhabi Investment Authority, British Columbia Investment Management Corporation

MIZUHO / Various institutional investors

- Mizuho manages funds to provide warehousing for leveraged loans originated in EMEA (prior to CLO issuance)
- Launched in 2018, now has scaled to 10 funds with €3.1bn AUM
- Mizuho provides collateral management and leverage to the funds, integrated with their EMEA Acquisition Finance team

GROWTH IN BANK FINANCING TO NON-BANK FINANCIAL INSTITUTIONS – INCLUDING PE FUNDS – HAS ACCELERATED SIGNIFICANTLY GLOBALLY POST-GFC

Total bank credit exposure to non-bank financial institutions (NBFIs)
$TN, global



Exposures included:

- Loans
- Secured financing
- Synthetic financing

NBFIs included:

- Private equity funds
- Private credit, RE, and Infra funds
- Hedge funds
- Broker dealers
- Insurers
- Pensions

We estimate that total bank lending to PE funds is $1 - 1.5TN globally as of 2024

Source: BIS, Oliver Wyman analysis

REGULATORY SCRUTINY ON BANK FINANCING

UK & EU regulatory priorities

- Noting private equity's (PE's) role as a significant source of finance for businesses, UK and EU regulators are increasingly concerned that vulnerabilities in the sector, including risk management practices, could amplify shocks and affect the financial system's stability
- Concern around risk management practices is twofold:
  - Banks understanding their exposures to PE firms and having adequate risk management around PE linked businesses
  - Risk management within PE firms themselves (and their underlying portfolios) being adequate to manage their risks
- The FCA confirmed in March 2024 that it is reviewing valuation practices for private assets inc. examining personal accountabilities for valuation practices in firms; governance of valuation committees; information reported to boards & board oversight
- Subsequently, in April the Prudential Regulation Authority (PRA) released a "Dear CEO" letter asking all banks to provide information on the level of disclosure they receive from fund companies (including PE firms)
- The Bank of England (BOE) doubled down on this messaging in its June Financial Stability Report (FSR), highlighting opaque valuation and risk management practices as key vulnerabilities in the PE sector; and calling for an improvement in risk management practices in some parts of the sector, including among lenders such as banks

> *"The overall risk here is that when **banks fail to properly measure and assess their aggregate exposures**, and in the absence of a defined risk appetite framework and board engagement, it's very easy to develop an outsized and concentrated exposure that leaves one open to the risk of a large loss. And the risk of **outsized, illiquid, and unintentionally concentrated exposures** is something that we have been pointing out for some time now, and for which **we have very little patience**."*
>
> \- Rebecca Jackson (Bank of England)

> ***"The remarkable growth of private funds**…outside regulated banks is **the biggest threat to the stability of Eurozone's financial system"***
>
> \- Elizabeth McCaul (ECB)

Emerging US regulatory focus areas

- In June, the FRB published a report (via Liberty Street Economics blog) on bank exposure to non-banks
- This reported highlighted three systemic concerns:
  - The connections between banks and non-banks are material
  - Those connections would be expected to increase in times of stress
  - NBFI stress causes an outsized impact on bank returns (relative to the other way around)
- Emerging implications and responses include:
  - Increased scrutiny on bank fund financing businesses, with banks proactively strengthening some capabilities including:
    - Degree of reporting on existing NBFI financing exposures, including aggregation capabilities (FRY9Cs coming online at YE 2024)
    - Treatment of NBFI exposures in credit stress testing
    - Capture in risk appetite and limits
    - Quality and governance surrounding data
    - Default playbooks and management
  - For banks establishing new businesses and/or launching new products, we expect additional scrutiny to be applied as part of new product approvals

Credit Risk Transfer

2

Marsh

Marsh Specialty

FI Forum Afternoon Breakout:
Credit Risk Transfer Solutions Stream

September 2025

Marsh

Marsh Specialty

Capital Clarity: Understanding Basel Impact on the risk transfer landscape

A business of Marsh McLennan

Basel IV: Reminder on issue for Credit Risk Insurance (CRI)

The new CRR3 has removed the possibility to consider CRI in internal models. Furthermore, it does not distinguish between the risk on direct loans to insurers and the risk as CRI policy holding for an insured exposure. New rules under CRR3 (Mandatory substitution under FIRB and a prescribed 45% LGD for Financial Sector Entities) drastically reduce the efficiency of the product and threaten large lending volumes. There is also a significant cliff effect between AA and A rated insurers under SA. The lack of insurer default data should not be a reason for doing nothing.

PRA & EBA Responses

PRA Response:

Bank of England | Prudential Regulation Authority | PS9/24 – Implementation of the Basel 3.1 standards

Near-final part 2 policy statement 9/24

*‘**4.71** Having considered the responses, the PRA has decided to maintain its proposals. The PRA was not persuaded by respondents’ arguments for a lower FIRB LGD given the lack of evidence that losses on exposures protected by credit insurance justify a LGD below 45%.’*

*‘**4.74** Given the use of credit insurance as UFCP is not exclusive to the UK, the PRA considers that should further evidence on the risk mitigation provided by credit insurance emerge which could justify a different approach for credit insurance, it would be preferable for this to be agreed internationally in order to avoid excessive inconsistency across jurisdictions.’*

EBA Response:

Report on Credit Insurance

Mandate under Article 506 of the CRR as amended by the CRR3 EBA/REP/202/21 October 2024

- EBA confirms eligibility of the product (point.1.1.14)
- EBA acknowledges the loss of efficiency from Basel 4

‘However, the high pay-out ratios displayed from insurers and the associated observed low realised LGDs fail to capture the behaviour of credit insurers under default, as no credit insurer in the EU has defaulted so far, and hence any ‘proxy LGD’ should be interpreted with caution.’

Current Lobbying

- Building on the legislative proposal relating to the Securitisation Regulation, the European Commission could make a dedicated legislative proposal (as contemplated under article 506) with a revised LGD of **22.5% for CRI**, to be used in risk parameter substitution as Unfunded Credit Protection.

- What the industry has already proposed as safeguards on CRI providers:
  - Solvency II regulated or equivalent (Switzerland, Bermuda) and compliant with such
  - External Rating of A- or better

- Other detailed aspects to iron out:
  - Application of 1.25x AVC multiplier for larger insurers
  - Treatment under SA
  - Clarifications on combinations of FCP and UFCP

- Proposals sent to 27 member countries in June 25

Basel IV Current Implementation

APAC Banks have been leading the implementation timelines of the final Basel IV reforms

- Australia, Indonesia and South Korea adopted full or parts of Basel IV since Jan 23, followed by China, Japan and Singapore in 2024, and Hong Kong and Malaysia in Jan 25.
- APAC regulators' relatively early adoption of Basel IV is partially attributed to the positive impact on their banks' capital ratios.

APAC Banks: Basel IV Implementation Timetable		
Jurisdiction	Effective Date	Notes
Australia	1 Jan 2023	
China	1 Jan 2024	
Hong Kong	1 Jan 2025	
India	N/A	Timeline not finalised
Indonesia	1 Jan 2023	
Japan	31 Mar 2024	Effective date for FI's not using IRB approach is 31 Mar 2025
Malaysia	1 Jan 2025	
Singapore	1 Jul 2024	
South Korea	1 Jan 2023	Pandemic credit risk package adopted 2020-2021
Thailand	N/A	Timeline not finalised, likely 2025

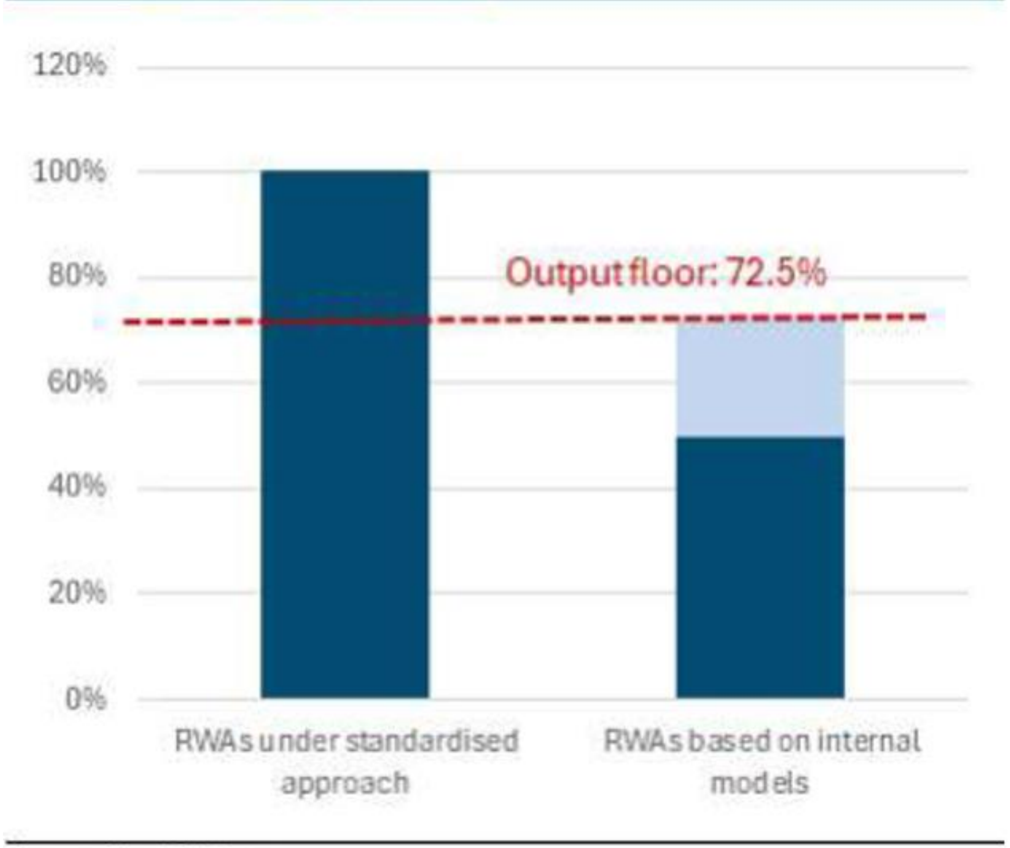
Basel IV Current Implementation

ROW

- In contrast the timeline for US banks remains uncertain, hence the UK delaying to 1 Jan 2027.
- Canada is holding the Basel IV output floor at 67.5% (instead of 72.5%) until further notice
- The EU has postponed to 1 Jan 2025 with the Fundamental Review of the Trading Book (FRTB) further delayed by one year to 1 Jan 2026.

ROW Banks: Basel IV Implementation Timetable		
Jurisdiction	Effective Date	Notes
Canada	Q2 2023	Remaining market risk (FRTB) and CVA changes by Q1 2024
EU	1 Jan 2025	Fundamental review of the FRTB further delaying until 1 Jan 2026
UK	1 Jan 2027	Cautious on implementation given uncertainty in the US.
US	?	Basel 'Endgame' heavily politicised: • Significant revisions expected • Ongoing data collection • Unusual regulatory framework • Tighter capital requirements overall – esp. larger FI's and those with large trading books

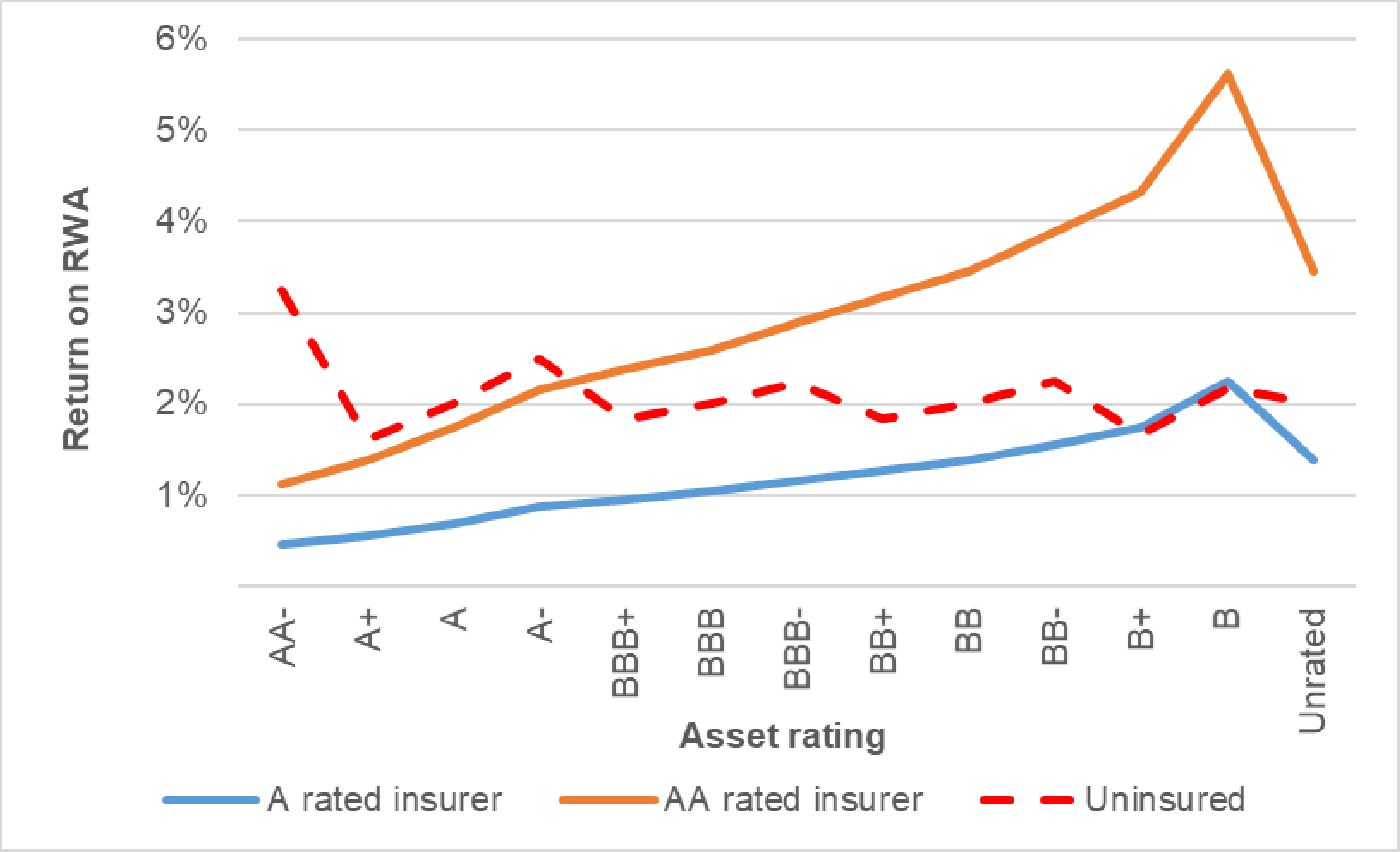
Output Floor Impact



Source: CreditSights

"The Basel IV rules have a more positive impact on APAC banks vs. European banks mainly because APAC banks generally have less reliance on internal models, which are affected by the Basel IV output floor."

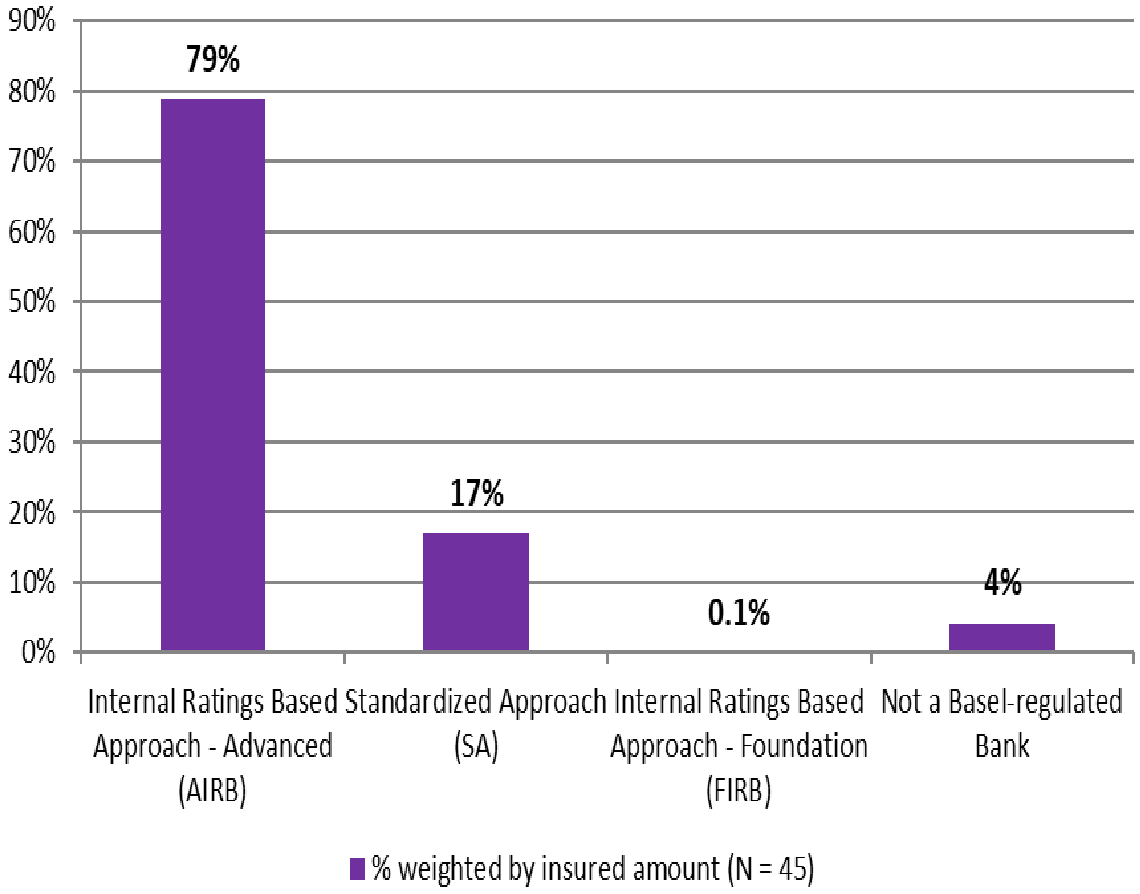
Economic thresholds by obligor & insurer ratings

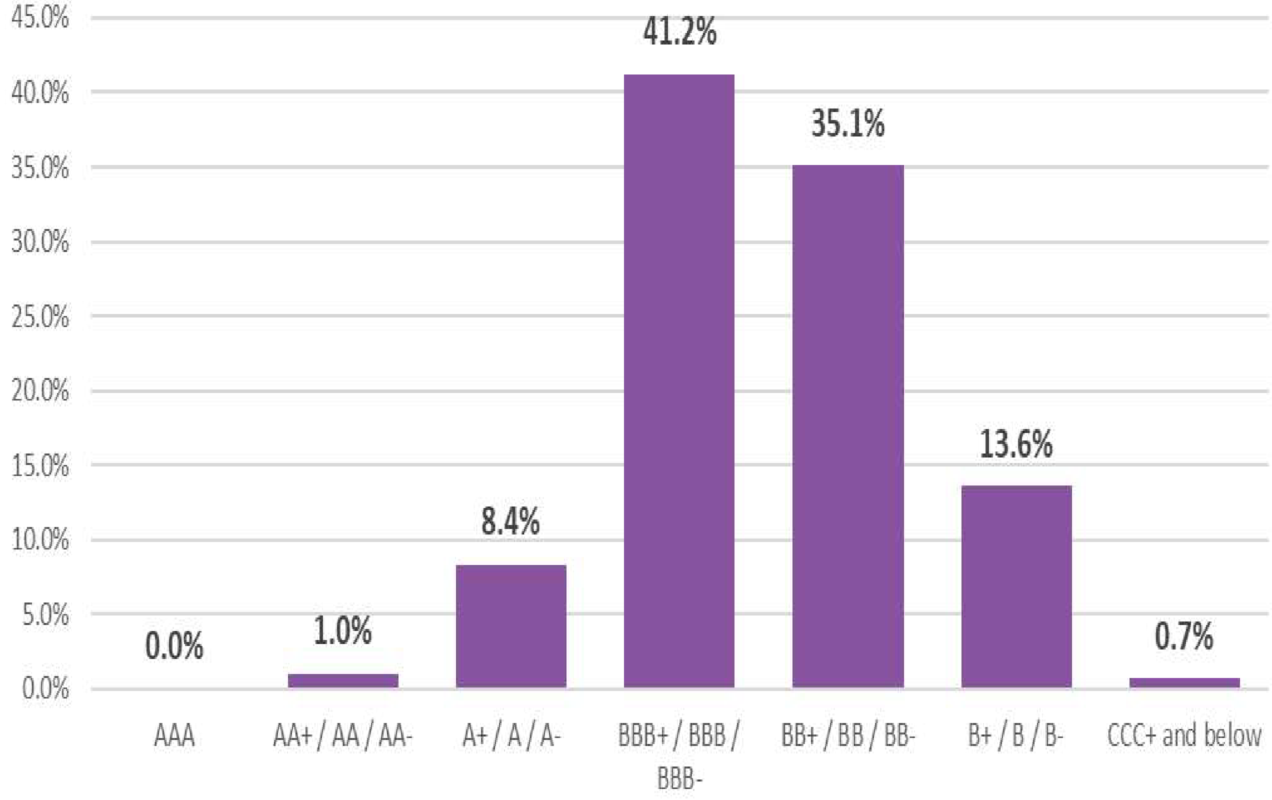


AA rating provides RWA benefit for assets rated below A- vs. uninsured.

A rating only provides RWA benefit for assets rated B+ or B vs. uninsured.

Current regulatory capital approaches and rating distribution





Source: IACPM/ITFFA Private Credit Risk Insurance 2021

Marsh Specialty

Capital Reimagined: Driving Growth Through Innovative Credit Risk Transfer Solutions

Part 1 (CRT/SRT & Portfolio Solutions)
&
Part 2 (Single Asset & Pools)

September 2025

Part 1: CRTs/SRTs & Portfolio Solutions

Agenda

1. CRT Market Dynamics
2. MMC Value Proposition
3. Detailed Case Study

CRT/SRT Market Dynamics

1 The global bank CRT/SRT market continues to grow as part of the larger evolution in banking: collaboration between banks and non-bank private credit players

2 Issuance from US banks has also materially increased over the past ~18 months, with both GSIBs and smaller domestically focused banks also entering the market

3 This growth is couple with an evolving regulatory landscape providing a tailwind

4 Banks are also highlighting the critical role of CRT/SRT as a tool to manage shifting strategic capital allocation decisions

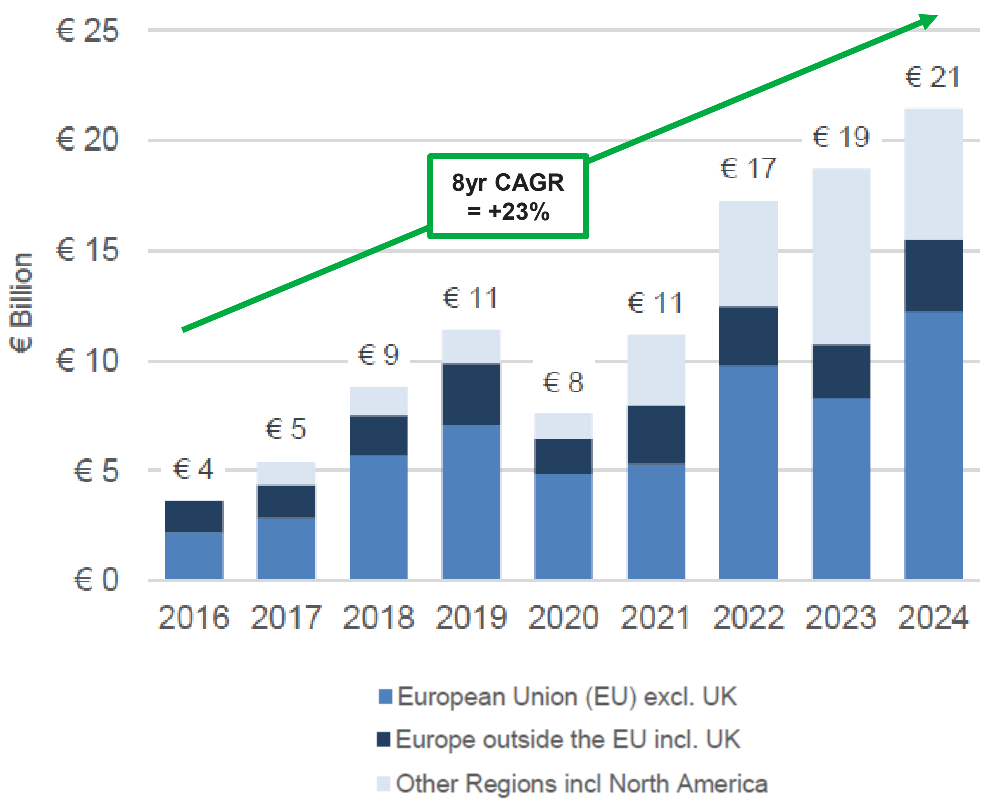
"What we are seeing is the re-tranching of the banking system where banks parcel the riskiest slice to private credit, providing less risky lending themselves... Hence the flurry of partnerships and risk transfer deals in recent months is likely to accelerate."

OliverWyman

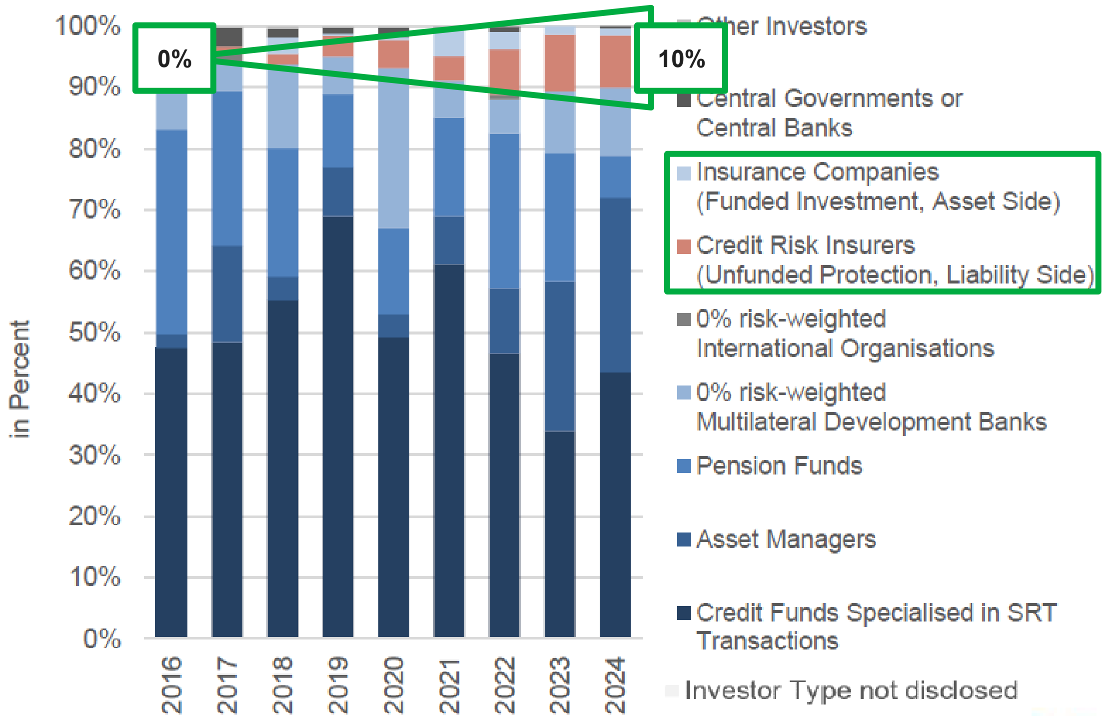
CRT/SRT Market Dynamics

CRT/SRT market continues to grow, and an increasing share of protection is provided by (re)insurers

Protected Tranche Size (in €bn)(1)



Protected Tranche Participant Type(1)



Source: IACPM's Global SRT Bank Survey 2016-2024, N = 51

(1) Protected tranche figures do not include placed senior tranche volume

Project ReaLease

ARTS Leasing 2024 – an MMC win for our Client

The combined team of GC, Marsh, with the close support of OW, advised and successfully closed the largest insurance enabled SRT in the market for UniCredit

Marsh
Project & Client Management

GuyCarpenter
Structuring, Loss Modelling, Placement

OliverWyman
C-Suite Origination and Relationship Support

UniCredit

Goals Achieved:

- RWA reduction
- Capital redeployment
- Investor diversification
- Attractive cost of capital

Hurdles Overcome:

- Large transaction size
- Non-traditional asset class – leasing
- Market risk perception – commercial real estate collateral

Bank CRT – US Banks Coming out of the Shadows

US banks are actively discussing CRT programs in investor presentations and quarterly earnings calls, highlighting their importance as central to tools to meet strategic objectives on growth, profitability, and shareholder distributions.

Huntington

"Huntington completed a synthetic Credit Risk Transfer ("CRT") transaction during the fourth quarter related to an approximately $3B portfolio of on-balance sheet prime indirect auto loans as part of the company's capital optimization strategy."

Valley

"Credit Risk Transfer – During June 2024, we completed a synthetic credit risk transfer transaction, consisting of a credit default swap, related to approximately $1.5B of our $1.8B automobile loan portfolio at June 30, 2024."

ally

"Within the quarter, Ally closed a credit risk transfer transaction, which generated 11 basis points (bps) of Common Equity Tier 1 and reduced risk-weighted asset (RWA) on the $3B reference pool."

Agenda

1. CRT Market Dynamics
2. MMC Value Proposition
3. Detailed Case Study

MMC Value Proposition – Collaboration

Dedicating MMC-wide resources to achieve best possible result for clients

MarshMcLennan

Structuring & Broking Services

Consulting Services

GuyCarpenter

Marsh

OliverWyman

About Us

GuyCarpenter

- Global leader in the **(re)insurance market and integrated solutions provider ($22 billion insurance capacity** in US GSE mortgage programs)
- Recognized *expertise* in **brokerage, consulting services and industry-leading analytics**

Marsh

- Global leader in **insurance brokerage services** and **risk consulting (volumes: $63 billion worldwide)**
- Unique network counting **over 100 (re)insurance operators worldwide**

OliverWyman

- Global leader in **strategic consulting** with a focus on **financial services**
- Recognized *expertise* in **RWAs measurement and accuracy**, **IRB models and risk management**
- Consolidated and ongoing relationship with **key regulatory authorities**, including the ECB

Our Expertise

GuyCarpenter

- Support to the bank in the **Portfolio selection** phase (insurance drivers)
- **Portfolio analytics, loss distribution modelling** and **hedging pricing guidance**
- Monitoring and control of **counterparty risk** of (re)insurers and of **deal execution risk**

Marsh

- Support in the **insurance underwriting process** (i.e., competitive mechanisms between (re)insurers)
- **Pricing analysis** from a broad market base
- Guidance in positioning existing operators and new markets through benchmarking activities

OliverWyman

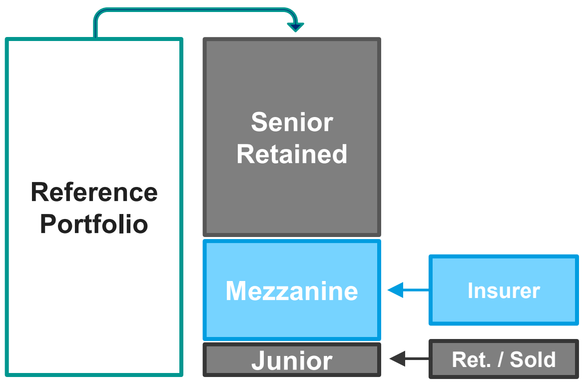
- **Credit risk model** and **process** development
- **Impact assessment** on regulatory capital and IRB models
- Support in the **active credit risk portfolio management**
- Guidance in the engagement of **internal senior stakeholders** to conduct PMO

Portfolio Solutions Overview

(Re)insurance appetite and participation has increased across CRT/SRT and other asset portfolio structures

CRT/SRT

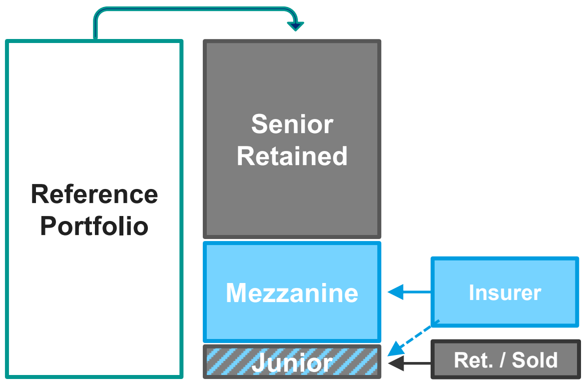
Enabled via securitization framework



- Designed to be highly customizable, offering a wide range of options for input parameters and tranching
- This flexibility allows for efficient capital release and pricing benefits, but it also adds complexity
- Allows for both unfunded and funded protection providers

Tranched Portfolio

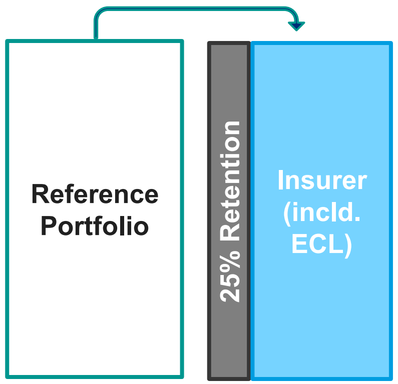
Does not trigger securitization framework



- Customized Non-Payment Insurance policy, but with no need for supervisory body sign-off
- Designed to be highly flexible, offering a wide range of options for input parameters and tranching
- This flexibility allows for efficient capital release and pricing benefits, but it also adds complexity
- Allows for both unfunded and funded protection providers

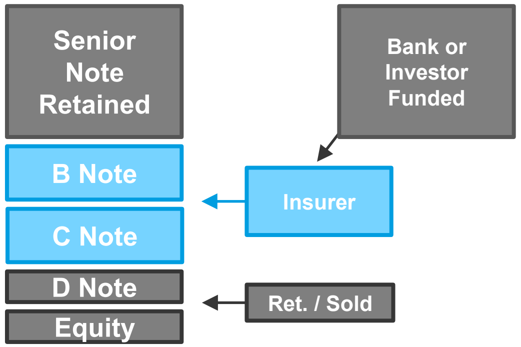
Vertical Portfolio

Does not trigger securitization framework



- Standard Non-Payment Insurance policy with no need for supervisory body sign-off
- Less appetite for blind pool portfolio risk vs. CRT/SRT
- Exposed to renewal risk
- Large number of participating insurers adds to operational inefficiencies
- Only allows for unfunded protection providers

ABS & ABL



- Standard Non-Payment Insurance contract indemnifying loss for cash securitization positions
- For example, the bank could consider wrapping a Mezz CLO/ Warehouse and ABS position to improve the capital treatment
- Solution could be used both for 3rd party sponsors and originators as well as for own balance sheet CLOs

(Re)insurance Participation in Portfolios of Risk

(Re)insurance participation can provide economic and industrial benefits to bank issuers

1 Cost Effectiveness

- Insurance companies can get more $ in capital savings for every $ in protection spent
- Funded transactions often have greater capital benefits in absolute terms, but **the cost of insurance can net higher savings in some cases**
- The lower return demanded makes **insurers more suitable for managing thick tranches**

2 Counterparty Quality

- Insurance is a better long-term partner for banks:
  - **They are large and diversified, with high ratings (above A)**
  - They are regulated, often listed, with strong governance and with a risk/ESG framework
- In most cases, speculative investors are not regulated, and strategies can change quickly

3 Execution Simplicity

- Structures with insurance companies are often simpler than funded options, and **no need for an SPV**
- The dialogue with the insurance company is often more straightforward, with a single broker that supports the bank in the dialogue towards the entire insurance portfolio

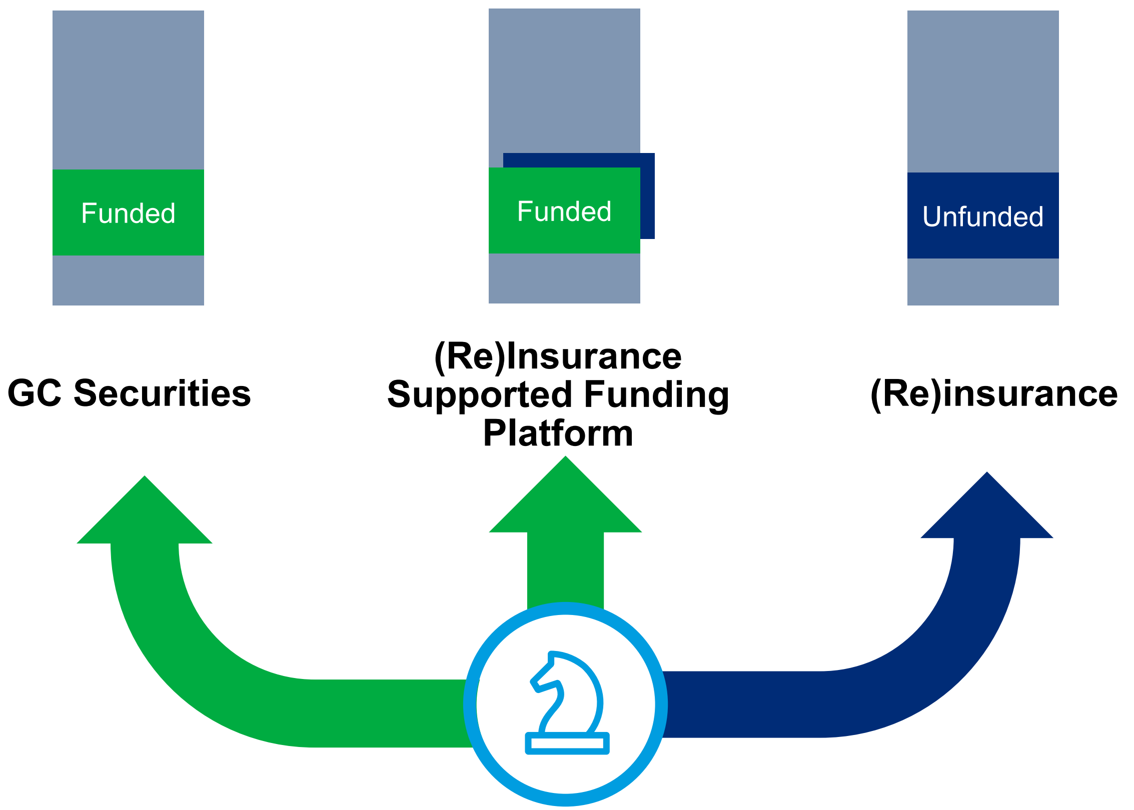
4 Innovation

- Structural innovations can be achieved more easily with (re)insurance counterparties to unlock greater value for bank issuers
- Examples include **forward covers** and transaction **amortization linked to regulatory capital requirements**

MMC Value Proposition – Placement Channels

Dedicating MMC-wide resources to achieve best possible result for clients

- **In partnership with GC Securities, we offer both capital markets and (re)insurance market execution**
- **Execution route to be determined based on structure, investor appetite, anticipated transaction efficiency, operational efficiency, and regulatory approach**
- **MMC's unique access to the full investor/(re)insurer universe ensures best execution**



MMC is agnostic to the form of placement.

MMC Value Proposition – Full Transaction Lifecyle

MMC can provide multiple levels of support to clients across various sophisticated portfolio transaction types

Four levels of support

1 **Portfolio selection and structuring advisory**
Advise in feasibility study of opportunity

2 **Advisory and execution and placement support**
Managing and executing the process ensuring a best execution

3 **Pure Brokerage**
Process Management of Placement

4 **E2E support, incl. internal capability build**
Hands-on support, taking responsibility of placement and supervisory approval combining all MMC capabilities

Portfolio Selection and feasibility analysis

- Advise on **granular product design/portfolio selection**, given bank's strategy and investor appetite
- Conduct preliminary **structuring and economic rational**
- **Assess readiness** (e.g. loan-tape, performance data and key processes)
- Perform initial **market sounding**

Transaction structuring and process design

- **Support sell-side credit analysis** to optimise transaction structure and features.
- Assist in **data gathering and preparation,** key gaps assessment
- Advise on **investor / insurer selection**
- Draft **term sheet**
- Design **overall process,** incl. appointment and scope of **3rd party advisors** (counsel, verification agent, VDR)

Transaction execution and process management

- **Overall process management** including management of NDA, Q&A, management presentations, VDR, site visits, etc.
- Support on **due diligence** and Q&A sessions preparation
- Advise on **pricing analysis, terms negotiation** and finalization of legal documentation
- **Single point of contact** across 3rd party advisors, investor and internal processes (i.e. investor onboarding, IT developments)

Supervisory interface and internal capability build

- Advise on investor **reporting templates and regulatory documentation** (Investor, ESMA, Supervisor)
- Support during interaction and Q&A with the supervisor
- Support in **infrastructure build out and bank's teams up-skilling** (e.g. development of SRT governance framework, capital release model, downstream impact of SRT trade on core risk mgmt. processes, e.g. ICAAP, business and capital planning, etc.)

Agenda

1. CRT Market Dynamics
2. MMC Value Proposition
3. Detailed Case Study

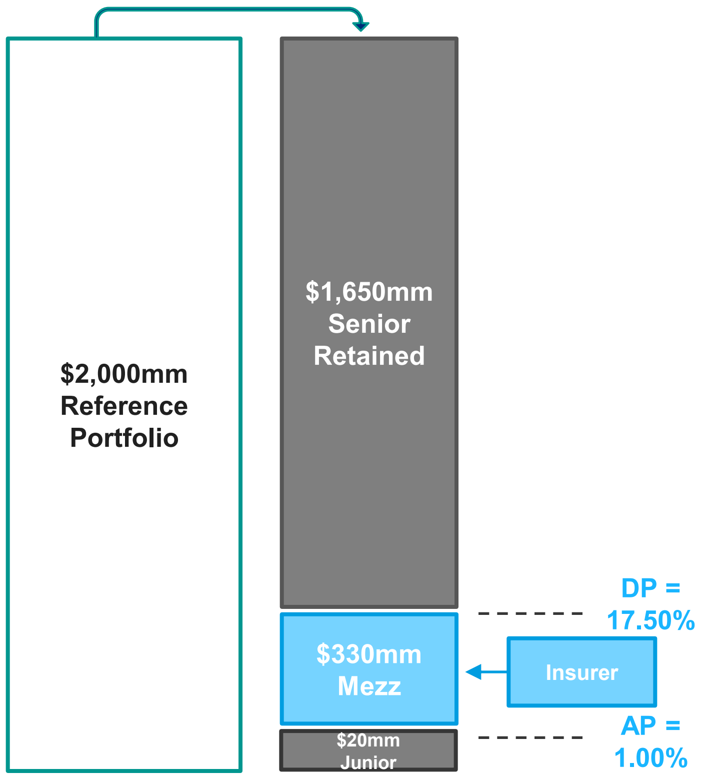
Case Study – Collateralized Lending Tranched Portfolio

Initial structure contemplated by bank client before MMC analysis

Context

- In early 2025, an MMC bank client presented us with a "pre-baked" structure for RWA minimization purposes on a portfolio of collateralized lending assets that were unfairly penalized due to borrower rating vs. the overcollateralized structure on a facility-by-facility basis
- At first, this was a "Pure Brokerage" support level for MMC, requiring market sounding, process management, and transaction execution services
- The unique over-collateralized nature of the facilities within the portfolio allowed the bank client and MMC the ability to seek unfunded insurance at the Mezz level of the structure with thin Junior below retained by bank

Initial Structure



Issues Uncovered During Marketing

- Quantum of Mezz layer was too large compared to insurance market appetite and capacity for the position in the structure
- All-in premium rate required by the bank did not reflect the risk of the full tranche
- Concentration limits were too high on a per Obligor basis for diversification purposes

MMC Recommendation

- Restructure the transaction to include a Senior Mezz and Junior Mezz
- Allow for tiered pricing based on position of insurance participation
- Reduce the size of reference portfolio concentrations to conform to CLO/ABS market
- Allow MMC to model the updated transaction structure to estimated rating for each the Junior and the Mezz tranches

MMC Support Level:

3 Pure Brokerage
Process Management of Placement

Case Study – Collateralized Lending Tranched Portfolio cont’d

MMC Analysis and Proposed Structure

Loan Tape Evaluation, Modeling, & Analysis

LoanID	Rating of Corporate	PD	Advance Rate	Atachment	Granularity	Underlying Rating	LGD	rho Bas	rho_st	PD	EL	LGD	Correlation	PD
1	BB	1.90%	82.50%	17.50%	5.00%	1.75%	79%	17.00%	10.00%	0.33%	0.02%	**6.18%**	75%	**0.20%**
2	BB	1.90%	85.00%	15.00%	5.00%	1.75%	79%	17.00%	10.00%	0.55%	0.03%	**5.89%**	75%	**0.30%**
3	BB+	0.95%	90.00%	10.00%	5.00%	1.75%	79%	17.00%	10.00%	1.66%	0.09%	**5.16%**	75%	**0.41%**
4	BB	1.90%	85.00%	15.00%	5.00%	1.75%	79%	17.00%	10.00%	0.55%	0.03%	**5.89%**	75%	**0.30%**
5	BB-	2.34%	88.00%	12.00%	5.00%	1.75%	79%	17.00%	10.00%	1.05%	0.06%	**5.48%**	75%	**0.52%**
6	BB	1.90%	83.33%	16.67%	5.00%	1.75%	79%	17.00%	10.00%	0.39%	0.02%	**6.09%**	75%	**0.23%**
7	B	7.06%	85.00%	15.00%	5.00%	4.08%	79%	13.56%	10.00%	2.66%	0.18%	**6.60%**	75%	**1.71%**

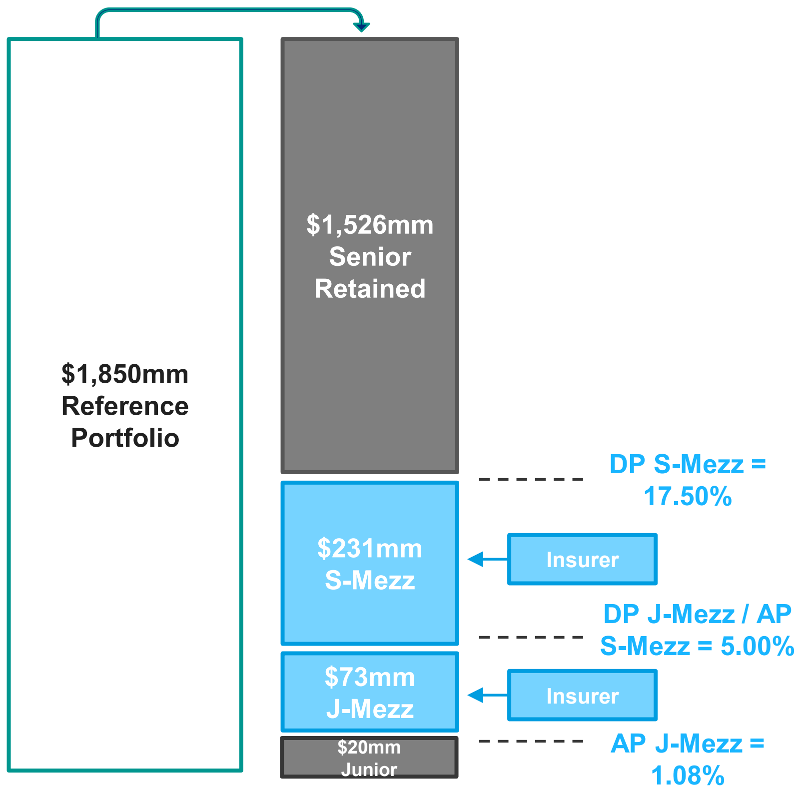
Ratings & AP Output

Rating	....	Attachment Point	Comparable Spread
AAA		8.13%	
AA+		6.78%	
AA		5.82%	
AA-		4.70%	0.61%
A+		3.71%	0.90%
A		2.88%	
A-		2.27%	
BBB+		1.69%	
BBB		1.17%	
BBB-		0.84%	1.19%
BB+		0.56%	1.91%
BB		0.36%	
BB-		0.33%	
B+		0.28%	
B		0.21%	
B-		0.13%	
CCC+		0.05%	
CCC		0.05%	
CCC-		0.05%	

Context & Outcome

- MMC analyzed full loan tape, applying modified Basel IRB methodology for “double default” feature
- Met diversification constraint similar to non-granular ABS with only -$150mm in total reference portfolio
- Created Junior Mezz tranche with roughly BB+/BBB- rating with smaller quantum of insurance needed
- Created Senior Mezz that commanded a A+/AA- rating that would attract larger amount of insurance capacity
- Achieved a blended insurance premium rate that fit within the bank’s internal limits

MMC Proposed Structure



MMC Support Level:

1. **Portfolio selection and structuring advisory** – Advise in feasibility study of opportunity
2. **Advisory and execution and placement support** – Managing and executing the process ensuring a best execution
3. **Pure Brokerage** – Process Management of Placement

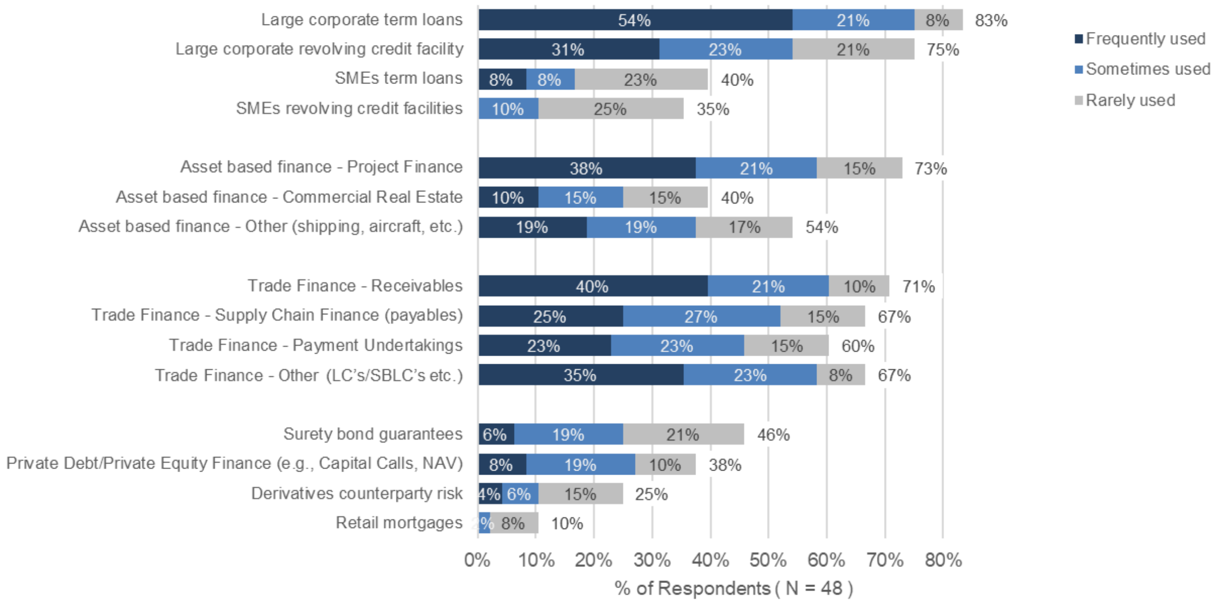
Part 2: Single Asset & Pools

Agenda

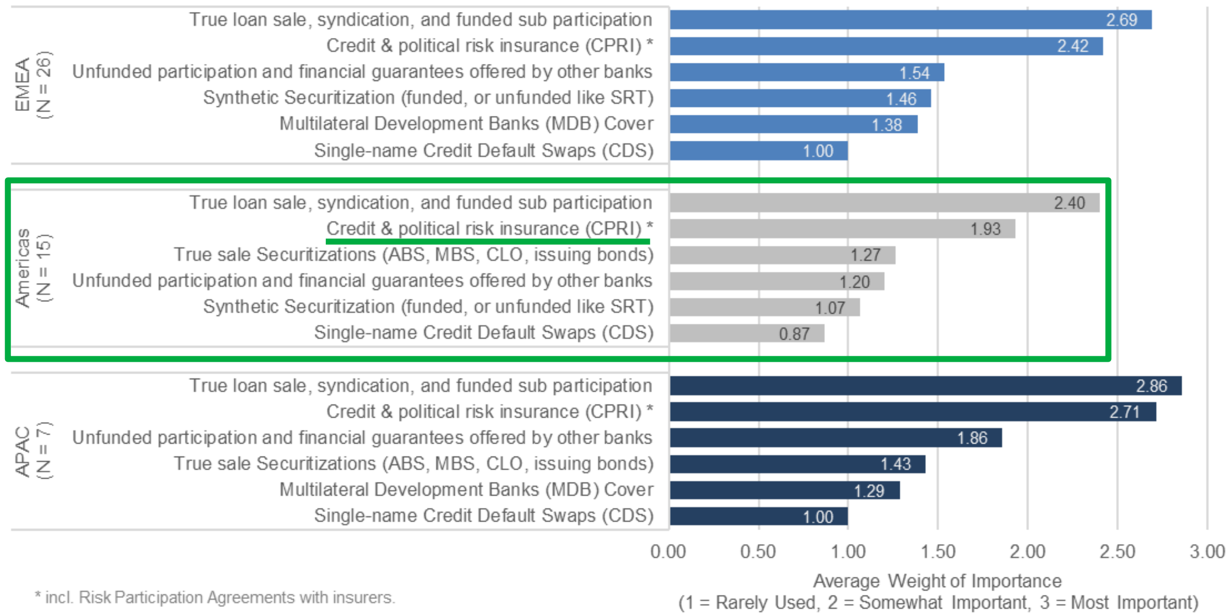
1. Market Dynamics and Trends
2. Marsh Data Driven Insights
3. Case Studies
4. Q&A

Credit Risk Insurance & Bank Surety Market Dynamics

Typical Protected Asset Classes on a Global Basis



Relative Importance of Market Tools for Risk Mitigation per Region



* incl. Risk Participation Agreements with insurers.

Source: IACPM / ITFA Credit and Political Risk Insurance Survey 2023

US & Canada – Market Trends

1

Evolution of Non Trade

- Broader cross section of asset classes now being insured locally in the US & Can (Levfin, REF, Fund Finance, Derivs, CLOs, ABS)
- Still vast differences in interpretation by insurers on DFS NY regs regarding what constitutes insurable ‘trade’. There is however growing pool of capacity for non trade in the US (particularly from MGAs)

2

Leveraged Finance

- We’ve seen an uptick in Levfin requests across all our products in the US & Canada from both new and existing clients, with more pressure on both limit and pricing
- Insurers are deploying more resources and hiring in the necessary expertise to enter/compete in this space
- Overall market capacity for this asset class continues to grow apace

3

Pooled Assets

- Increasingly, we are seeing banks pool their assets for credit risk transfer to achieve pricing, limit and operational efficiency as well as RWA optimization
- Ground up portfolios we have closed expand beyond corporate loans into other assets classes (such as Trade Finance and Project Finance)

4

Innovations & New Solutions

- Marsh Fast Track
- Victor MGA (Surety)
- Bank Surety & MRPA rollout
- Payment Solution Providers
- Clearing Houses / Securities Lending

Spotlight: Marsh Fast Track

Fast Track is a **global quota share facility**, exclusive to Marsh clients, which available **to all clients** globally, across the portfolio of their insurance program, where there is a syndicated placement structure.

In the current challenged market conditions Fast Track **provides additional pre-placed capacity** that is automatically available for all in scope placements at a discount to clients.

Lines of insurance in scope: Property, Casualty, Construction, FINPRO, Terrorism/PV, Energy, Power, Cyber, Marine, Aviation/Space, **Credit Specialties.**

Facility Features / Highlights

Exclusive capacity: Lloyd's capacity up to 10% capacity. No other broker or insurer can access.

Program certainty: Automatic capacity and certainty of coverage, following lead insurer terms and conditions.

Efficiency: Operating under a delegated underwriting authority supports a faster placement process.

Follow capacity: follows open market placement.

Waivers and amendments: Fast Track will follow the decision of the leader of the policy, streamlining processing for the client.

Claims settlement: Fast Track will follow the decision of the leader of the policy, streamlining processing of claims for the client.

Strong insurer profile: AA- (S&P) rated capacity for clients

Easy access: Marsh clients can access this globally via our network or directly from London teams.

Full portfolio: Broad scope across multiple product lines and includes challenging industries, catastrophe risk exposures, and heavy industry.

Streamline placements: Global coverage, excluding sanctioned territories, limiting the need for standalone country policies unless required in a specific country.

Additional capacity: Automatic capacity offered via Fast Track is in addition to each insurers' open market participation.

Case Studies: Bank Surety Structures

Risk Participation (MRPA)

- Distribution solution
  - Transactions can be disclosed or undisclosed
- Single risk or facility structures
- RWA relief can be achieved
- Banks retain a % of LC margin
- Co-Lender / Lender of Record structures also available
  - The Surety participates alongside the bank in a syndicated facility agreement

Bank Fronting (BFS)

- Fronting opportunity on behalf of the Surety
- SBLC issued by the bank, with no contractual relationship with the Principal/Applicant
- The bank benefits from a '*double default*' credit position from Principal/Applicant & Surety
- Fronting fee charged by the bank
- Marsh have facilitated c.$6bn of SBLC transactions to date

Originated by:
Bank vs Marsh

MRPA & BFS - IG Aviation client
- Both a BFS solution was placed with the Principal, along with an undisclosed MRPA solution with a bank
- Confidentiality maintained for each solution channel
- Annually renewing

Leveraged finance (MRPA) - Energy
- Performance guarantees related to specific projects
- 1-year renewing facility, 1-year max tenor of guarantees
- Participation from one surety = USD 50m

Open Syndication (MRPA) - Commodity trader
- EUR & USD c.250-500m OBSI facility
- 1-year facility tenor
- Participation from several sureties across EU & US
- All P&P obligations

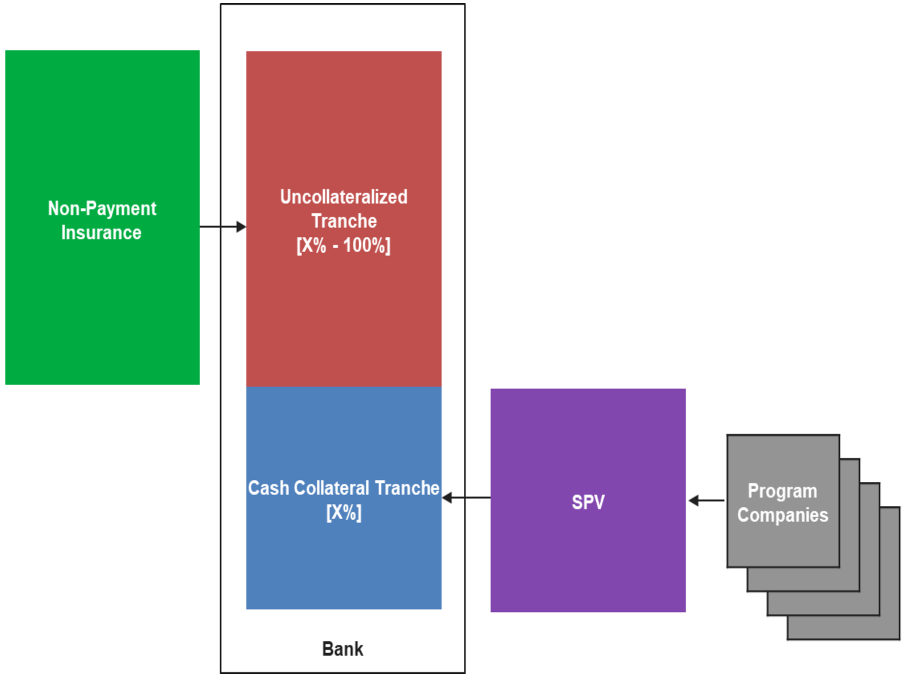
Largest BFS Facility – Car Leasing Client
- Insurance program collateral
- Facility c.$500m
- Annually renewing. Multiple sureties each $50-200m

Case Study – SBLCs (Alternative LC Structures)

Context

- An existing FI client was seeking ways to diversify business offerings while supporting an important PE sponsor client
- Via agreement with the financing entity's SPV (backed by the PE sponsor), the bank would issue LCs on the SPV's behalf for the benefit of insurance companies providing large deductible casualty insurance policies to companies that fit within a set of established eligibility criteria
- Insurance collateral requirements are often burdensome for many companies, justifying an alternative to free up liquidity or revolver capacity for these entities

Structure



Solution Delivered

- Structure requiring a % of cash collateral deposit by the SPV to the bank for each and every LC issued
- Non-payment insurance (NPI) covering any unpaid reimbursements amounts due to the bank by the SPV in the event of an LC draw in excess of the cash collateral held by the bank
- Diversified portfolio with a mutualized pool of cash collateral on account with the bank to utilize in the event of an unreimbursed LC draw

Impact Created

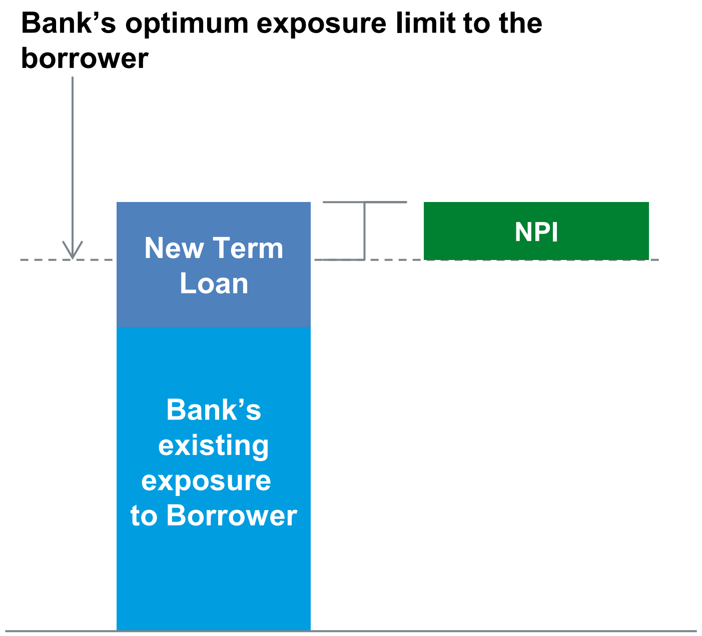
- Provides FI with additional access to a different product line
- Strengthens the strategic collaboration with the PE sponsor of the financing entity (SPV)
- Allows for liquidity benefits to sub-investment grade corporates related to collateral posting requirements (often restricted to LC or cash as an option) to casualty insurers

Case Study – Leveraged Finance Transaction

Context

- A longstanding FI client who had predominantly been using NPI for their corporate loan and project finance book were looking to employ NPI for their growing leverage finance business for the first time and 'punch above their weight'
- The bank had several facilities outstanding to the borrower and needed to manage their overall exposures to be able to participate in the new financing. The desire for NPI therefore primarily driven by limit relief but capital optimization was a secondary benefit.
- This was a large syndicated facility with more than 10 international banks involved (US/CA/UK). Another driver for the bank was that the ancillary revenue (potential IPO) is expected to be significant.

Structure



Insurance Request

- Facility: USD 550 million syndicated secured term loan facility for the acquisition of a European auto importer
- Borrower: International privately owned Auto Retailer (Internal Rating of B equivalent and leverage of 4.47x after closing)
- Repayment Profile: 6 months grace then quarterly (5% year 1, 10% years 2&3) with bullet at maturity
- Bank's hold: USD 77 million
- NPI Originally Requested: USD 45-50 million

Solution Delivered

- Type: Non-Payment Insurance
- Limit of Liability: USD 40 million (syndicated across 4 insurers)
- Premium Rate: 65-70% of margin + standby fees
- Policy Tenor: 3 years
- Indemnity: 52% (with Minimum Retained Uninsured Percentage of 30%)
- **Fast Track** was an option to plug the gap as we were initially short USD 5 million. The bank ultimately decided to bind only USD 40 million.

Marsh

Marsh Specialty

Claims, Performance of Product & Policy Wording Considerations

Agenda

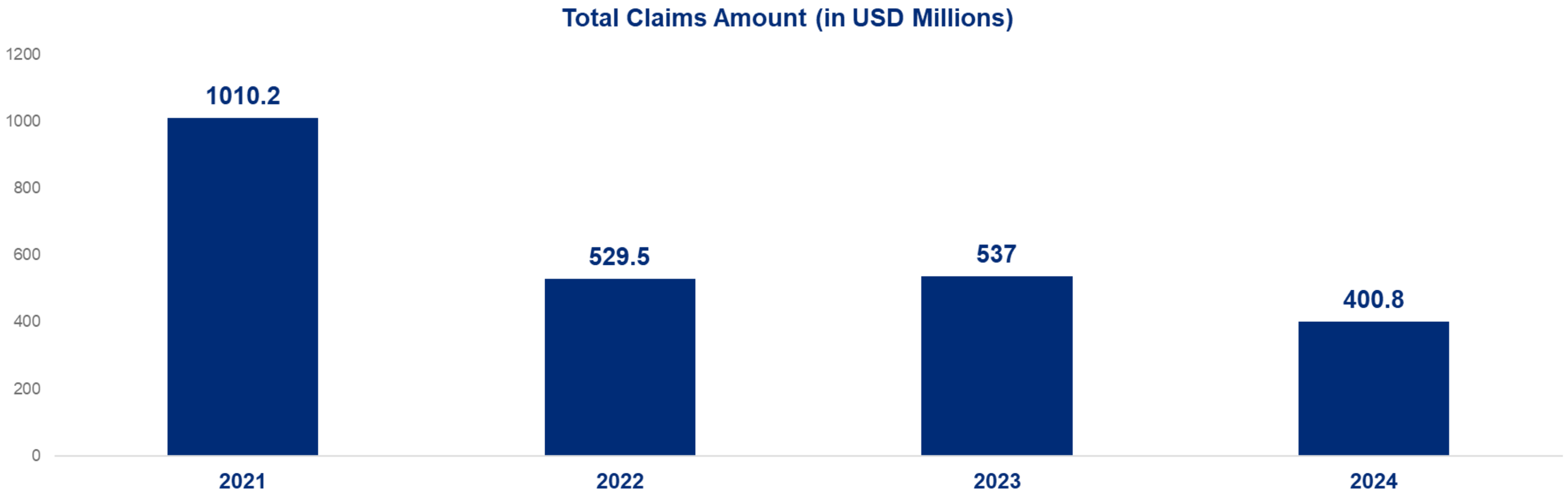
1. Intro & Overview
2. Insured Responsibilities
3. Claims Examples
4. Claims Related Innovation in Policy Texts
5. Q&A

Intro & Overview

Claims Overview

Market Financial Institutions Claim Payments Settled in 2021-2024

All claims settled in full and on time across the credit insurance marketplace for 2021-23, * 2024 see note below



Number of claims

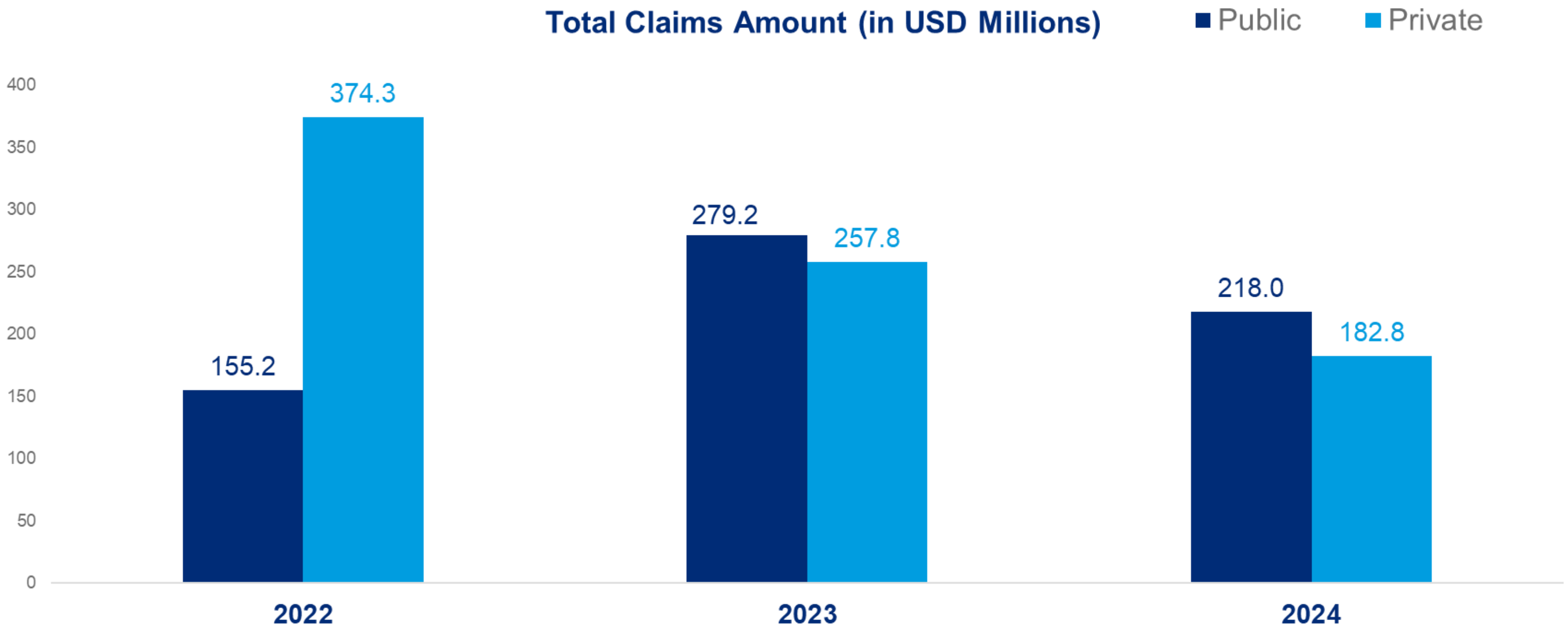
2021	2022	2023	2024
140	190	227	185

* 4 claims in 2024 totalling USD3,879,161 were not paid on time due to operational failure despite Insurers confirming liability and claim payment in full.

Claims Overview

Market Financial Institutions Claim Payments Settled in 2022 - 2024

Breakdown of claims between public and private obligor defaults



USD millions

Insured Responsibilities: Ensuring Perfection of a Claim

Insured Responsibilities

The Claims Process

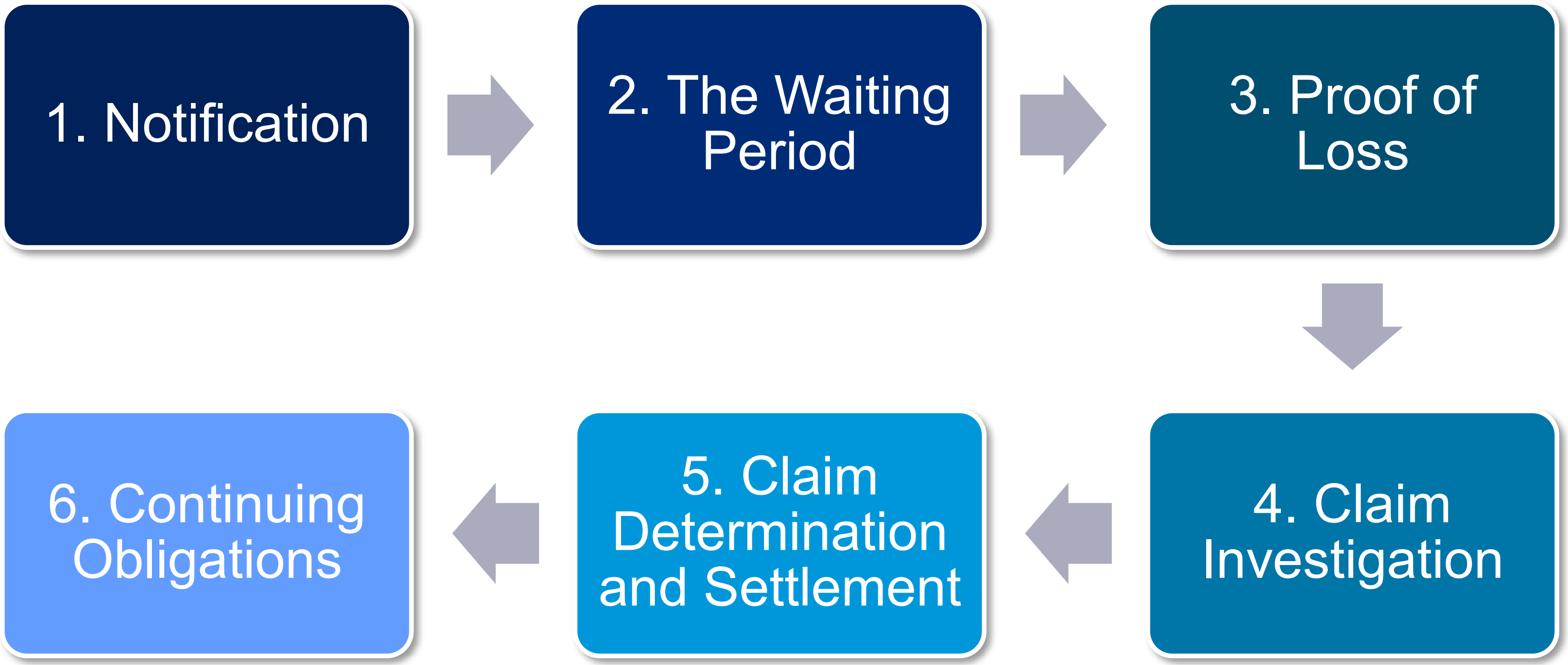
- Steps Insureds can take to facilitate a prompt claim payment:
  - Disclose information on a timely basis.
  - Share efforts being taken to minimize loss.
  - Maintain the uninsured portion unhedged.
  - Don’t claim on a loss that’s clearly not covered
    - e.g. including a separate transaction with the same buyer in the loss amount
    - e.g. on a PRI policy, trying to claim on commercial losses which are not covered within the PRI scope of cover
  - *Transparency is key - Insurers want to feel they are in partnership with Insureds.*

- It is critical for Insureds, working closely with the broker, to follow the timing requirements outlined in the policy, e.g. for sharing a Notice of Circumstance and for submitting a of Proof of Loss/Claims Application. These requirements often continue even after a claim has been submitted, e.g. when there are multiple circumstances within the same Policy or e.g. when Policies are extended to match restructured debt, to ensure that coverage remains in effect.

- Limiting “Knowledge” to “Information Holders” allows Banks to manage their exposure because they fulfill policy requirements by sharing only what Information Holders know, rather than extending what can be an onerous obligation to other parties within the Bank

Insurer Responsibilities

The Claims Process



The Claims Process

Notification

Be sure to follow notification timelines as outlined in the Policy … policies often state notice is required within thirty days of obtaining knowledge of a Loss or discovery of any event that could reasonably be expected to give rise to a Claim., e.g. a request for a deferral or restructuring by the Borrower, the occurrence of an event materially impacting the Buyer's creditworthiness. If in doubt, it's usually better to err on the side of caution and notify.

Waiting Period

Provide clear and regular updates to Insurers (via Marsh) … Marsh recommends engaging with Insurers pro-actively during the Waiting Period to build good rapport and to discuss potential loss mitigation options and strategies; this demonstrates compliance with Insured's duties, in particular Minimization of Loss. Where appropriate, schedule a regular cadence of calls to keep Insurers up to date with mitigation activity, the current situation of the debtor and any restructuring activity that may be taking place. **Notify the Borrower of its missed payment(s). Prepare the Proof of Loss/Claim Application.**

Proof of Loss

Refer to the template in the Policy. Recall the burden of proving the loss is on the Insured (i.e to confirm the Risk has occurred, the Date of Loss, the Loss Amount and the Loss is within the terms of Cover). Marsh's Claims Team can support with the Claim submission. Submitting the Claim Application promptly and during the Waiting Period makes it likely a claim determination can be made by the end of the Waiting Period. **Be sure to know the last day a Claim can be filed. Your broker can help you extend this date by endorsement if circumstances dictate**.

The Claims Process

Claim Investigation

A clear and complete claim submission is key to a quick claim investigation … Insurers are entitled to make prompt reasonable requests for additional info when they feel the claim submission is incomplete. Insurers sometimes appoint a Loss Adjuster to investigate the facts on their behalf, and who likely will request documents and ask questions of the insured. Shortened timeframes for asking questions and responding to information ringfences the investigation window, but when too rushed can at times hinder the outcome in a complex claim situation.

Determination & Settlement

Include a template release agreement in the policy to facilitate a prompt payment after indemnification has been agreed… Following a positive claim determination, the Insured must complete the discharge form (release agreement) before the Insurer pays the claim. Having the format of this pre-agreed when the policy incepts can save time in the event of a claim.

Continuing Obligations

Subrogation and Recoveries. Upon payment of a Claim, the Insurer shall be subrogated to the Insured's rights of recovery in respect of and to the extent of the claim payment. Insurers typically have the option of taking assignment of their interest or of having the Insured recover on their behalf. Following claim payment, regardless of who enacts recoveries, all costs and expenses to effect recovery will be shared between the Insured and the Insurers according to the Insured and Uninsured Percentage. Before claim payment, standard costs and expenses to minimize loss are for the Bank's account.

Claim Examples

Claims Examples

Non-Payment by Private Company Buyer

Supply Chain Finance - Asia

- **FI:** International Bank
- **Insurance type:** NPI
- **Transaction/Project**: Supply chain finance covering payments by various technology hardware companies in Asia to a large US conglomerate
- **Claim payments**: USD 7 million
- **Background:** The client, a large banking group, submitted a claim for non-payment by an Asian company on a multi-buyer policy. Claim was paid promptly in full, and Insurers agreed to renew the policy on existing terms, having recognized the Bank's strong loss minimization efforts.

- **Client Testimony:** *"The claims process was very smooth, and we received the claim payment promptly. Our transparency and timeliness in the sharing of information with Insurers kept them calm and in partnership with us. Having one claims adjuster for the whole insurer panel was very helpful in moving this along quickly."*

Claims Examples

Non-Payment by Private Company Buyer

Syndicated Term Loan

- **FI:** International Bank
- **Insurance type:** NPI
- **Transaction/Project**: Term Loan associated with aircraft leasing company in the transportation sector
- **Claim payments**: *Approx. USD 32.5mm*
- **Background:** Cash flow was impaired due to Covid travel restrictions, resulting in the inability to meet loan repayment obligations. Debt was restructured to include an equity piece, and extension of tenor. Insurers agreed to pay taking into consideration haircut on equity at the time, and future planned recovery on the debt.

- **Client Testimony:** *"We really appreciated our partnership and collaboration with Marsh, who was pivotal in corralling insurers. Through careful and close coordination with Marsh, we reached the desired outcome. The experience was not without its moments, but the successful conclusion of the process encouraged and enabled us to more deeply embed the product in our business."*

Claims Examples

Non-Payment by Government Buyer

Infrastructure Project – Kenya

- **FI:** International Bank
- **Insurance type:** NPI
- **Transaction/Project**: Large infrastructure project
- **Claim payments**: EUR 13.5 million (as of Aug 2025)
- **Background:** The client, a large banking group, first submitted a claim for non-payment by a Government entity in 2020. Payments under the Policy continue to be made every six months in accordance with the original repayment schedule. The claim has now started recovering with the first recovery payment to insurers (EUR 1.4m) sent in June 2025.

Claims Examples

Non-Payment by Government Buyer

Infrastructure Project - Ghana

- **FI:** International Bank
- **Insurance type:** NPI
- **Transaction/Project**: Large education/training infrastructure project
- **Claim payments**: EUR 10 million as of 31 Aug 2025 (across two policies)
- **Background:** The clients, large banking groups, submitted claims for non-payment by a Government entity in 2023. Payments from Insurers are made every three months, in line with facility due dates (expected until 2026) and are settled by insurers within 30 days of these due dates.

Claims Related Innovation in Policy Texts

Innovation of Policy Texts

Claims Related Wording Innovations

Based on certain banks' specific requirement for greater clarity and flexibility in their assessment of how the NPI will operate in potential loss scenarios, *specifically for their leveraged lending businesses*, Marsh recently has achieved some wording enhancements.

These enhancements have been agreed in instances where Banking teams look to closely and consistently partner with a panel of Insurers. Structures include:

- Large self-retention
- Significant deal flow (vs. adverse selection)
- Higher premium rates
- Transparency into the Bank's experience, track record in the business area, approach to risk selection/loss mitigation/work out process, etc.

Significant improvements have been achieved in the way a policy responds to:

- Restructuring
- Distressed Sale
- Debt-for-Equity Swap

FI Insurance Market Update

3

ENDURING & EVOLVING THEMES IMPACTING P&C IN 2025 & BEYOND AN ANALYST'S PERSPECTIVE

September 17, 2025
FI Insurance Market Update

Dowling & Partners

ALL INSURANCE, ALL THE TIME

Dowling & Partners

Research & Capital Markets

Dowling Hales

M&A Advisory

Dowling Capital Partners

Private (Re)Insurance Investments

Boston

Chicago

Farmington, CT

New York

Norwalk, CT

Vero Beach, FL

U.S. COMMERCIAL LINES: WHERE DO THE PREMIUM $$$$ GO?

* 10 Year (As Of 2024) Industry Results for Commercial Lines, Source: SNL Data, D&P Analysis

FIVE KEY PROPERTY/CASUALTY INVESTMENT CONCEPTS …

- ❑ Over The Long Term, The **Only Measure Of Financial Success For Owners Of A Property/Casualty (Re)Insurer Is Growth In Tangible Book Value (Equity) Per Share.** Share Price Tracks Book Value Over Time. Volatility Matters. So Does Avoiding The "Big Mistake".

- ❑ **Underwriters' Reported Financial Statements Are Always Wrong**. The Income Statement Drives The Balance Sheet & Both Are Either Too High Or Too Low (Intentionally Or Not). The Infamous "Self Graded Exam" = Management's Loss Reserve "Pick" Remains Subjective.

- ❑ **Rating Agencies (Not State Regulators) Have Been The De-facto Regulators For Decades.**

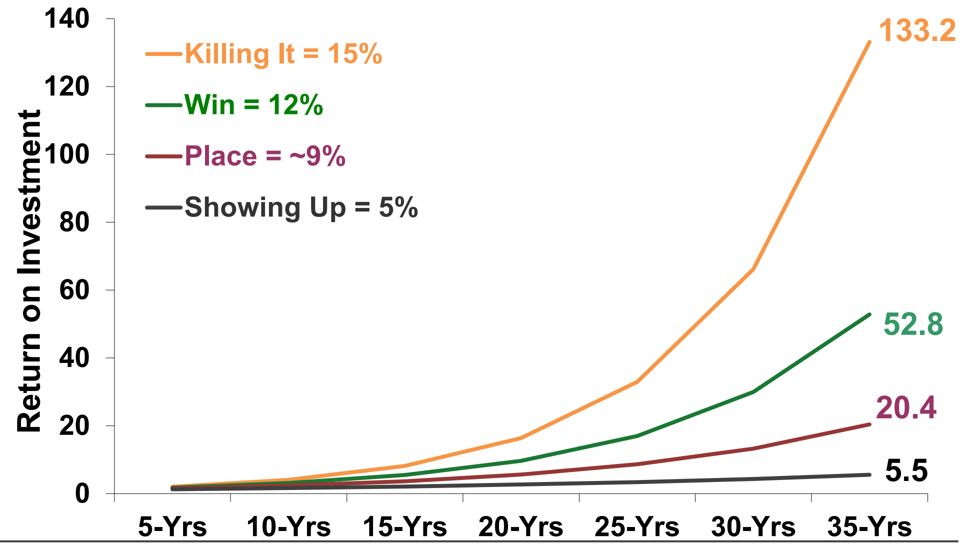
- ❑ "**He Who Controls The Customer Wins**" = Intermediaries Capture Outsized Returns Relative To Underwriters On An Absolute & Risk Adjusted Basis. *It Is A Better Business!*

- ❑ Industry-wide, The **(Re)insurance Industry (Underwriting) Has Been/Is/And For The Investable Future Will Be A Lousy Business** (Fails To Earn Its Cost Of Capital Over Time). Don't Underestimate "Survivorship Bias" & Strong Relative Performance Of "Public" Underwriters.

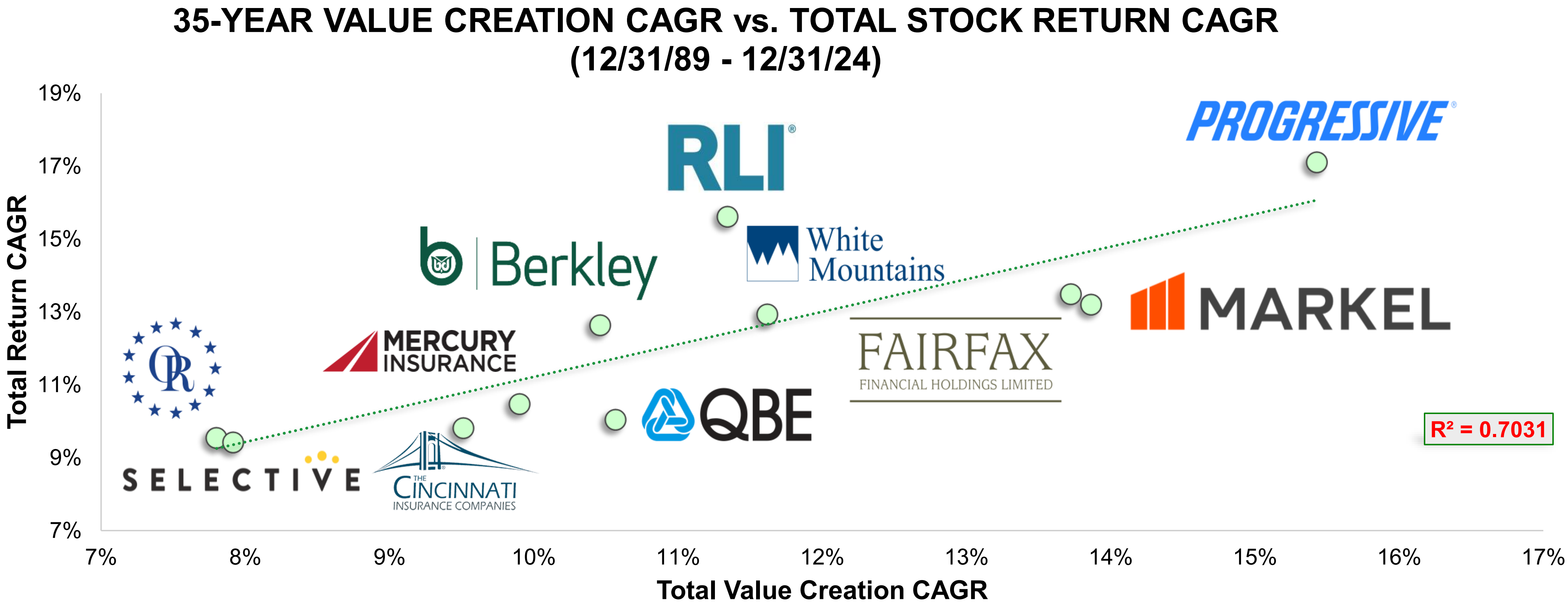
"SUCCESS" IS GROWING TANGIBLE BOOK VALUE/SHARE OVER TIME

- **Long-Term Stock Price Tracks Growth In Book Value Per Share**
- **We Think About Companies In 4 Categories:**
  - **KILLING IT = 15%+**
  - **WIN = 12%**
  - **PLACE = 9%**
  - **Just "SHOWing Up" = 5%**
- **(Re)insurance Success Is All About The Magic Of Compounding Returns**
- **Compounding Book Value At 12% Per Year = "Double" Every 6 Years**

	Killing It	Win	Place	Show
Length of Time	**15%**	**12%**	**9%**	**5%**
5-Years	2.0	1.8	1.5	1.3
10-Years	4.0	3.1	2.4	1.6
15-Years	8.1	5.5	3.6	2.1
20-Years	16.4	9.6	5.6	2.7
25-Years	32.9	17.0	8.6	3.4
30-Years	66.2	30.0	13.3	4.3
35-Years	**133.2**	**52.8**	**20.4**	**5.5**

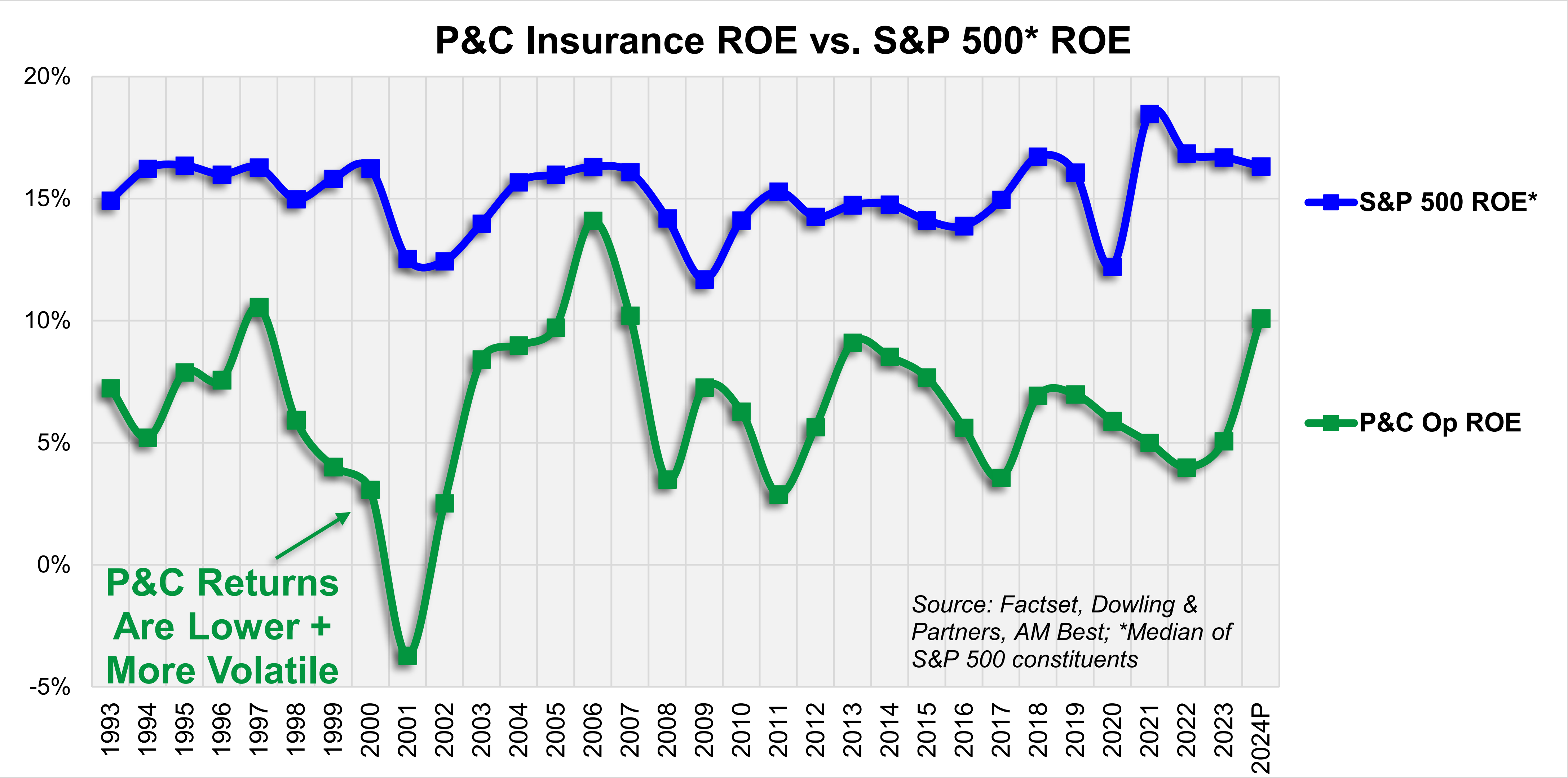


LONG TERM TOTAL VALUE CREATION "TVC" (GROWTH IN TBV/SH + DIVIDENDS) CORRELATED WITH TOTAL STOCK RETURN

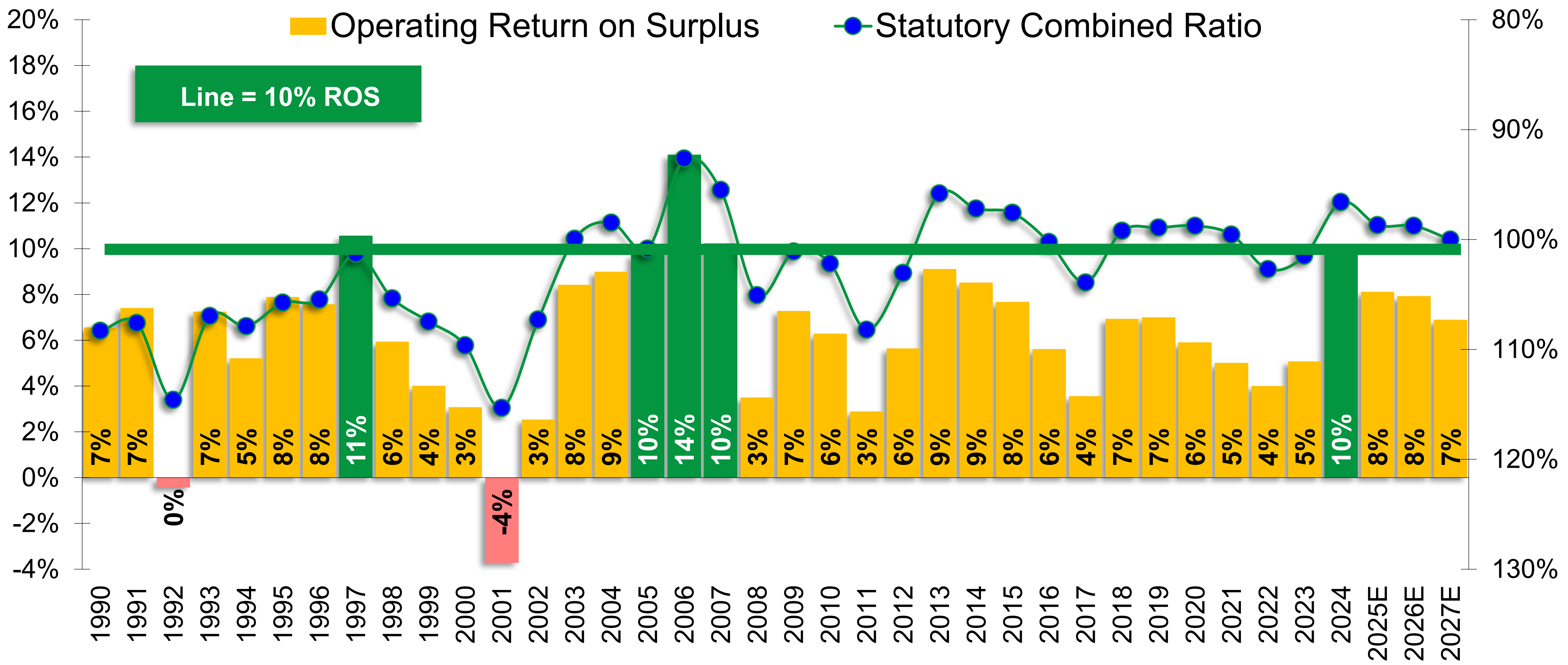


A QUICK LOOK AT THE CURRENT STATE OF THE PROPERTY CASUALTY UNDERWRITERS

P&C VS. BROADER MARKET … RETURNS CONSISTENTLY LOWER

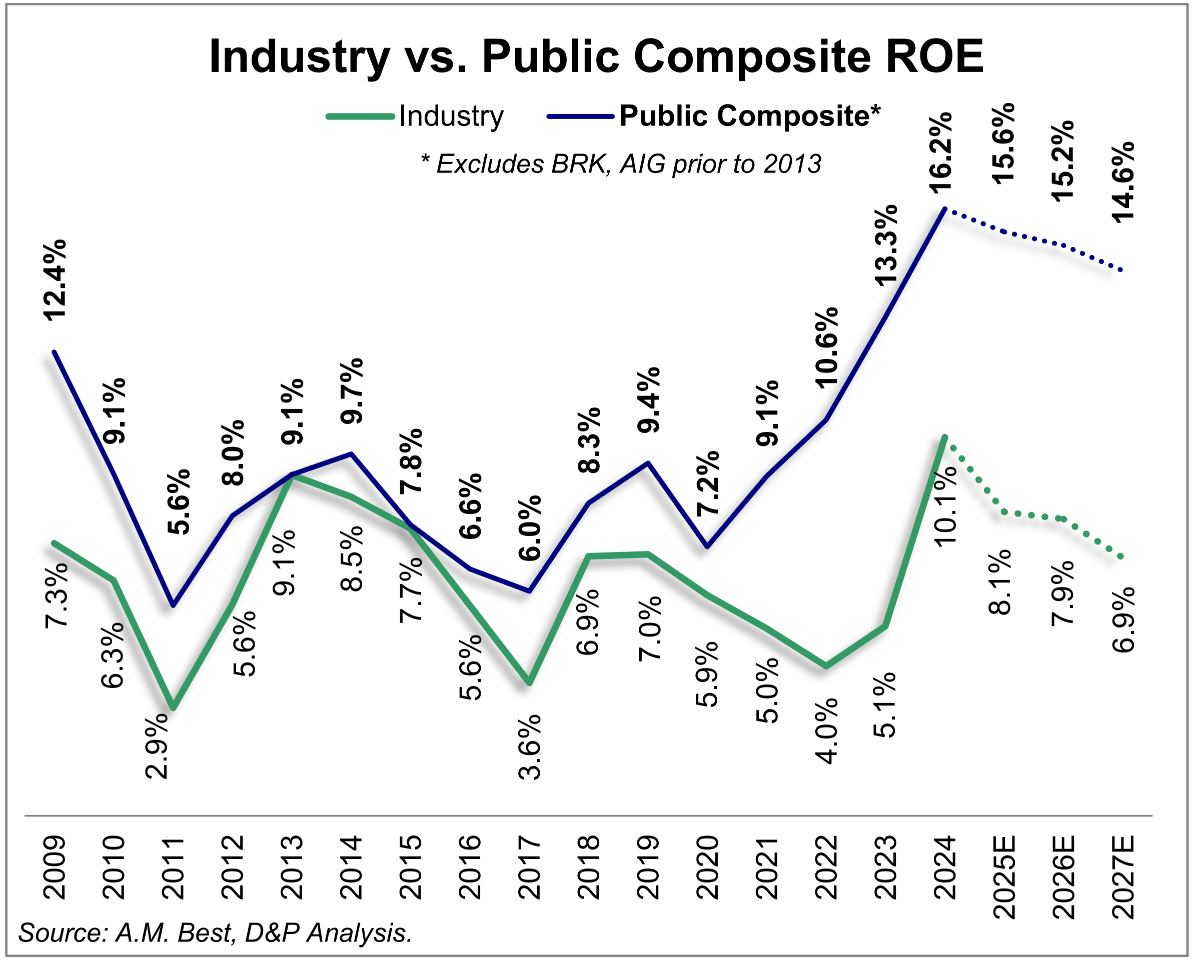


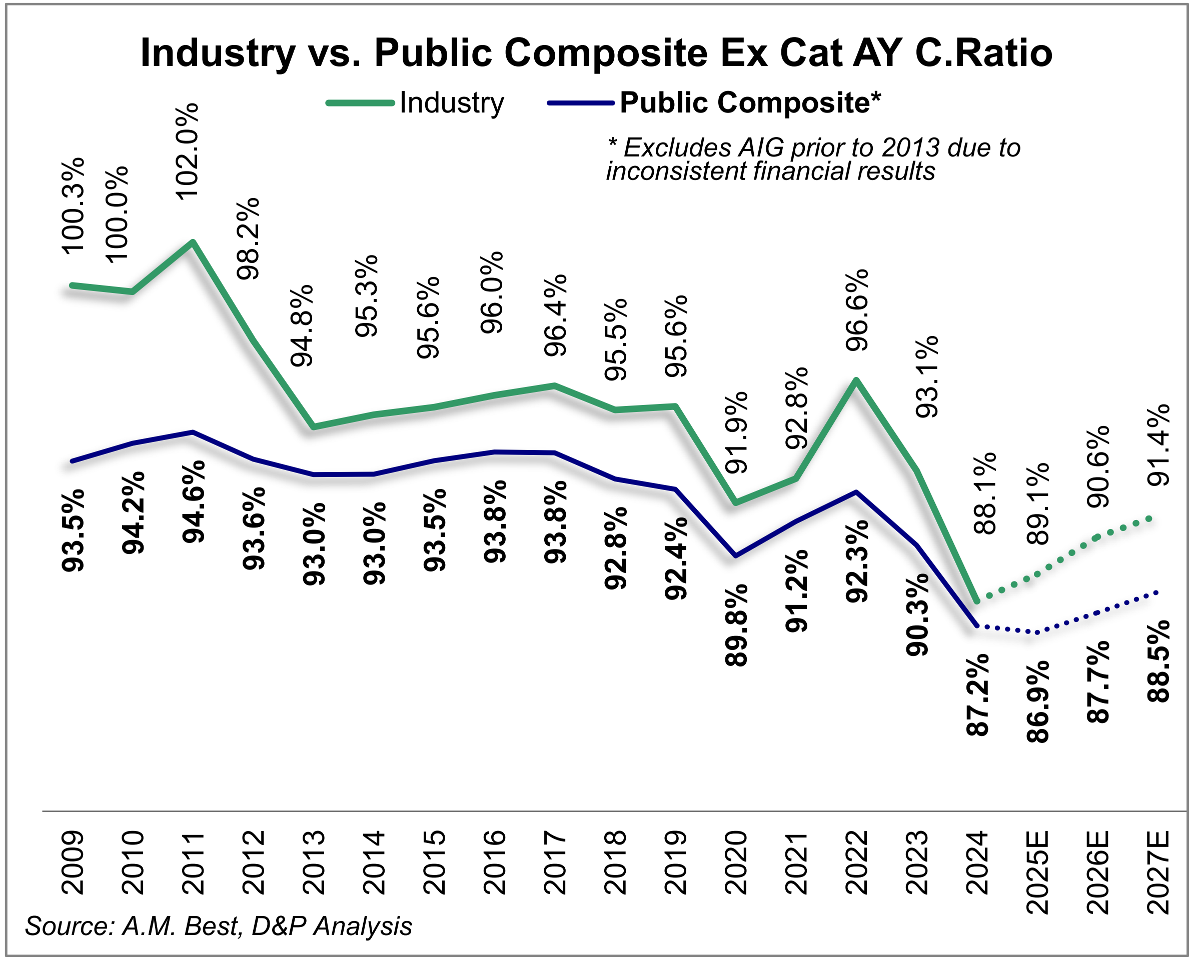
SINCE 1990: ONLY 5 TIMES WAS THE OPERATING RETURN 10%+



Source: A.M. Best Aggregates and Averages, S&P Capital IQ, D&P Analysis

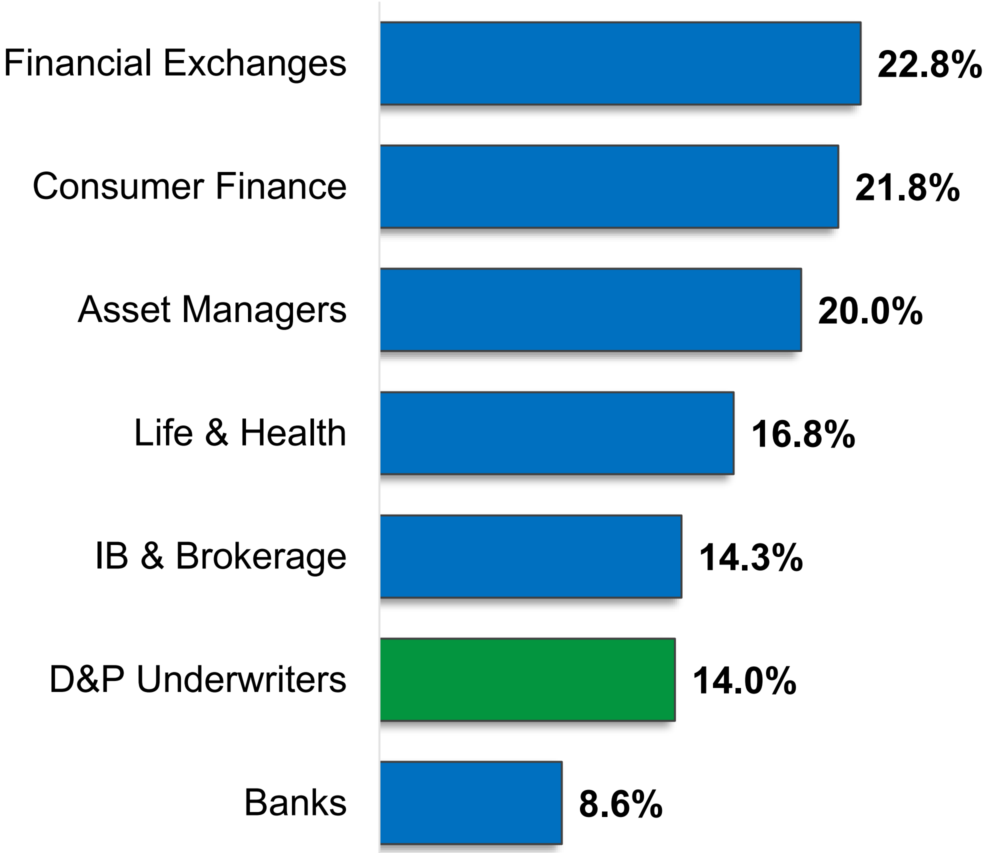
PUBLIC (RE)INSURERS CONSISTENTLY OUTPERFORM …



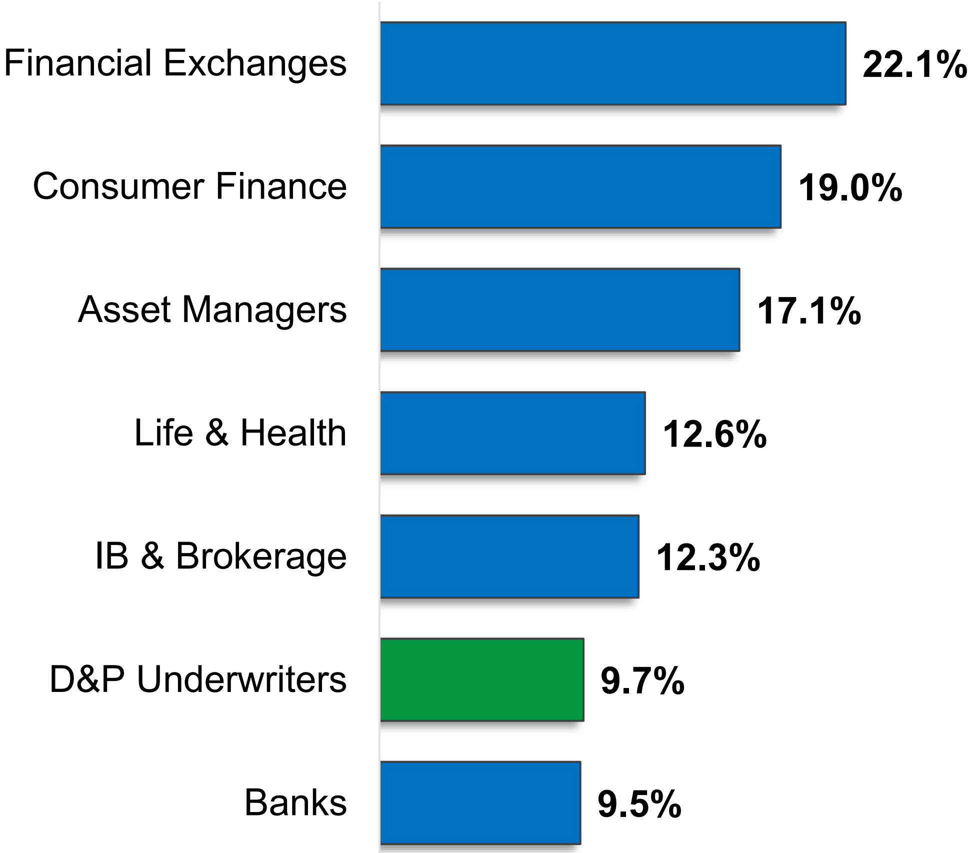


"PUBLIC" (RE)INSURERS RELATIVE TO OTHER FINANCIAL FIRMS

2024 Avg. Trailing Net ROE (% by Industry)



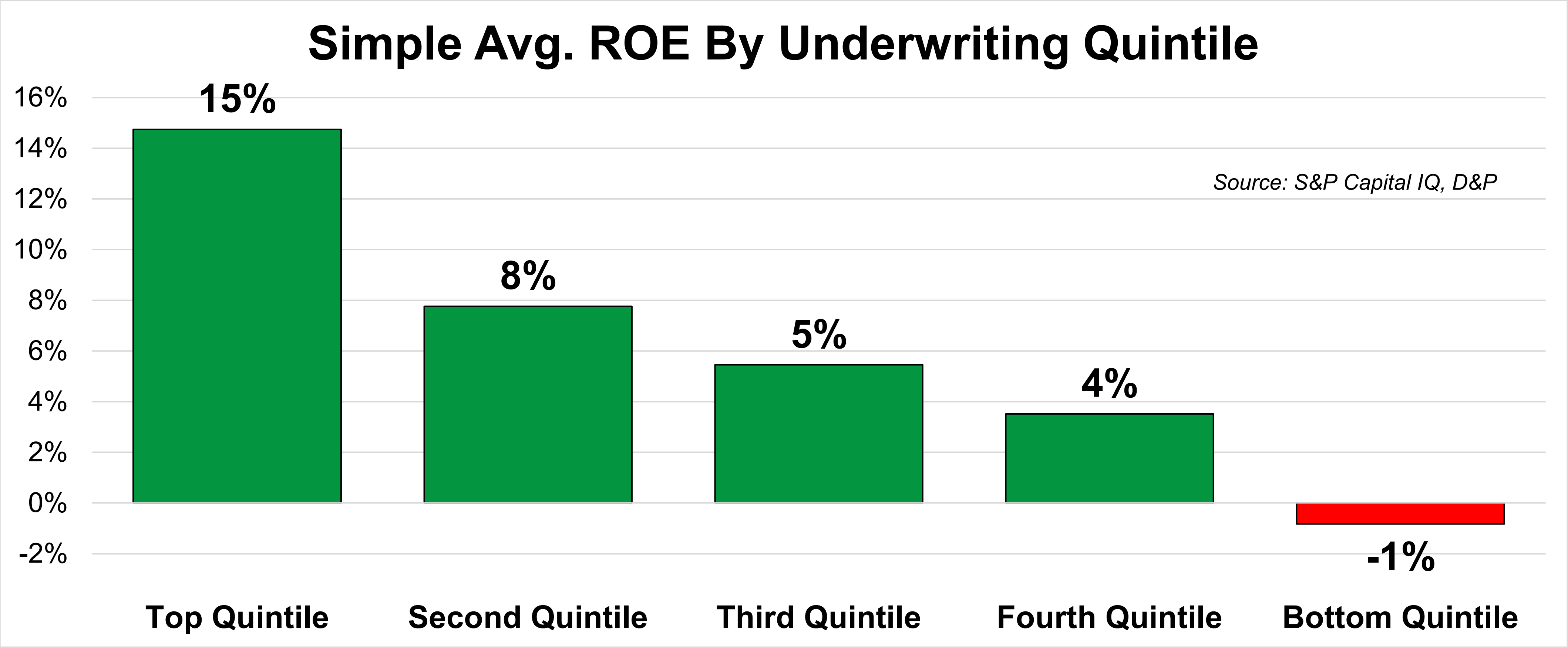
10-Yr Avg. Trailing Net ROE (% by Industry)



Source: Company Reports, FactSet, 10-Yr Avg. for D&P Underwriting Composite includes only companies with 10 years of historical data

SPREAD BETWEEN THE BEST AND WORST UNDERWRITERS IS WIDEST OF ANY "FINANCE" SEGMENT

By Underwriting Contribution Quintiles (2015-2024)



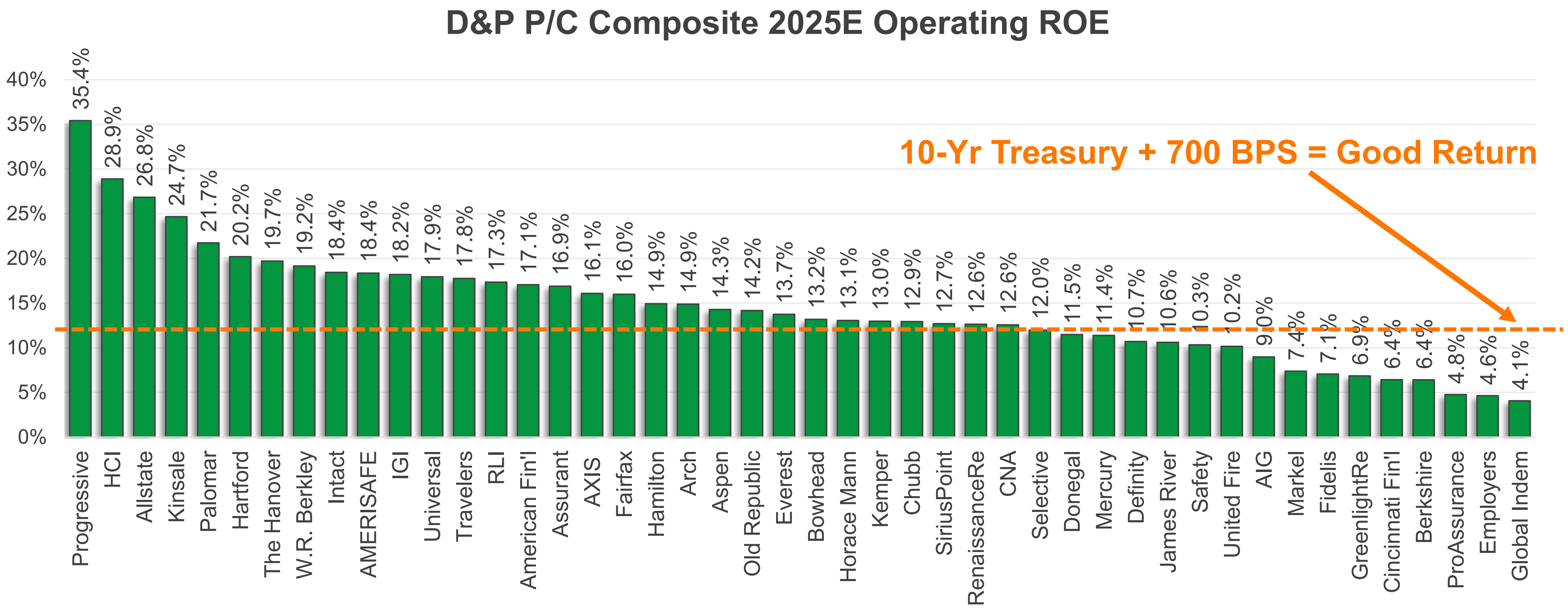
RETURNS (ROE) DRIVEN BY UNDERWRITING RESULTS

Most Underwriters Failed To Earn Cost Of Capital
By Underwriting Contribution Quintiles (2015-2024)
(% of ROE Quintile In Each Underwriting Quintile)

Underwriting Contribution Quintile	ROE Quintile: Top	Second	Third	Fourth	Fifth
Simple Average ROE By Quintile:	+15%	+8%	+5%	+4%	-1%
Top Quintile	**73%**	22%	4%	1%	0%
Second Quintile	20%	**43%**	28%	6%	3%
Third Quintile	3%	27%	**29%**	34%	8%
Fourth Quintile	1%	5%	30%	**39%**	25%
Bottom Quintile	3%	4%	9%	19%	**64%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**

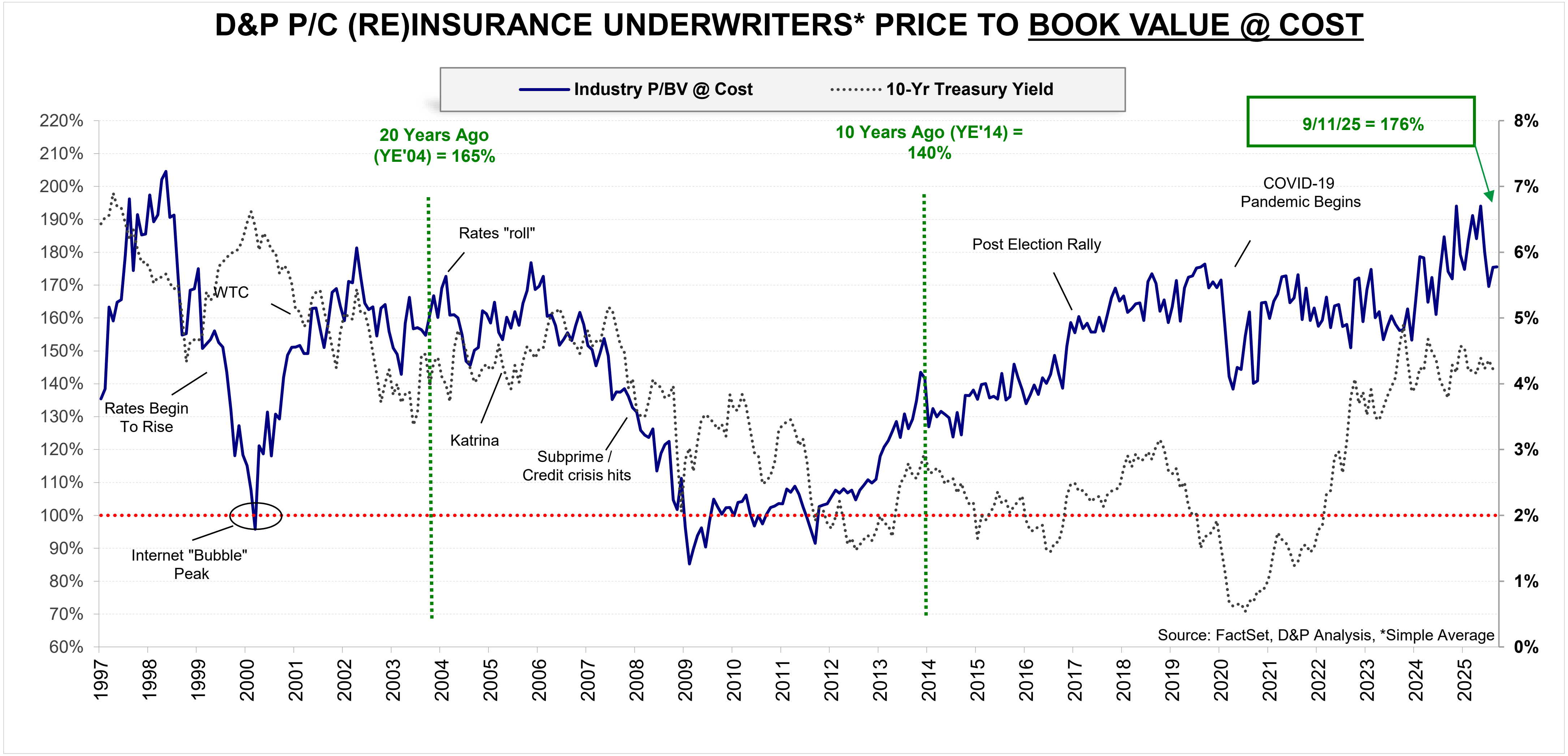
Source: S&P Capital IQ, D&P Analysis

D&P ’25 OUTLOOK: PUBLIC COMPANY RETURNS PRETTY GOOD …



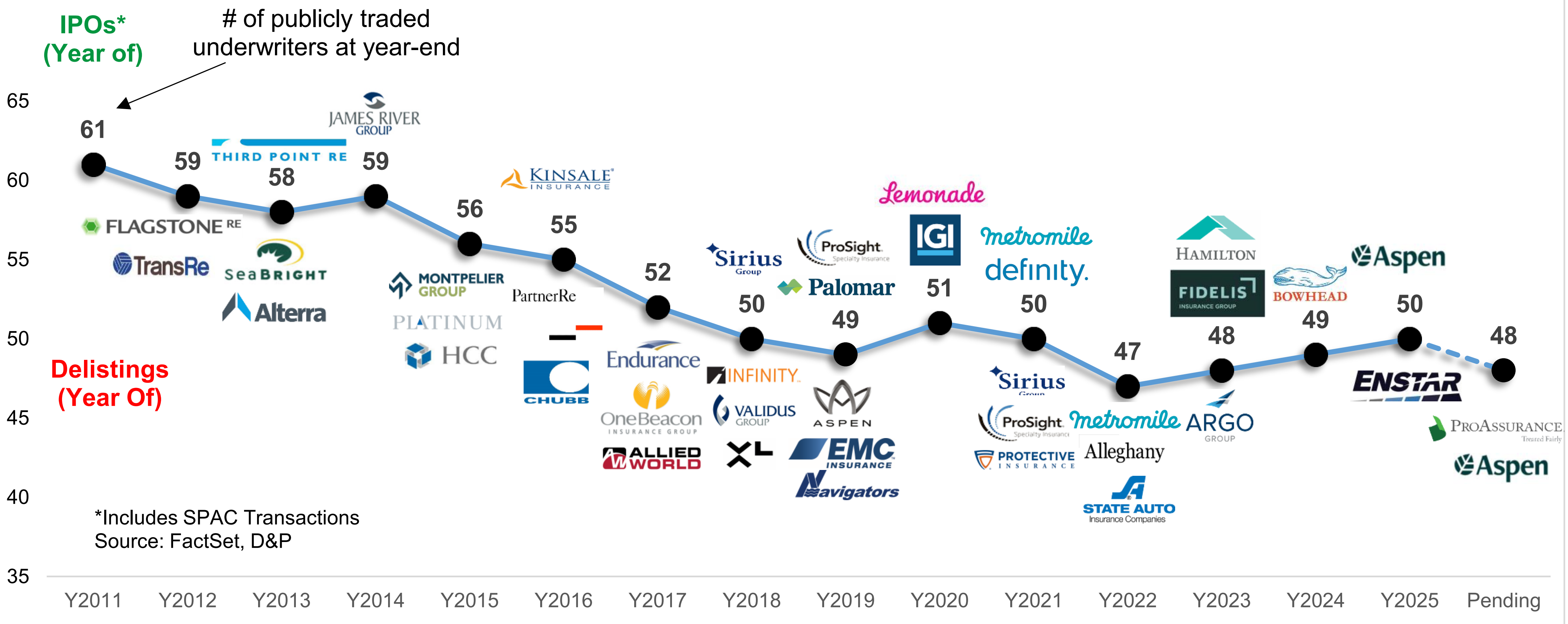
Source: Company Reports, D&P Analysis. Lemonade Excluded (Negative ROE = -35.0%)

Industry Price/Book Value Multiples ~Highest In 25 Years



MEANWHILE THE NUMBER OF PUBLICLY TRADED "UNDERWRITERS" CONTINUES TO DECLINE IN U.S./BERMUDA

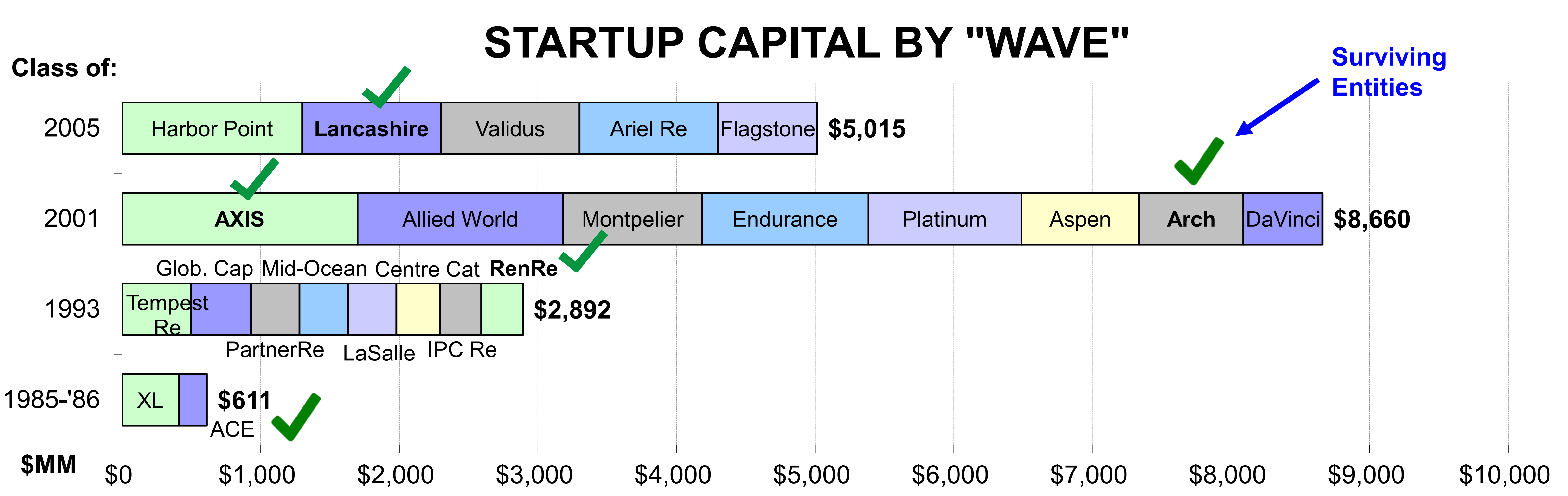
Dowling Underwriters Under Coverage: IPOs* And Delistings (Year Of)



*Includes SPAC Transactions
Source: FactSet, D&P

THERE WAS NOT / WILL NOT BE A "CLASS OF 2023/24" …

After Years Of Poor Results, Climate Change Fears, Questions About The "Models" And Unexpected Secondary Peril Losses … Institutional Investors Have Largely Said "NO"



NEW BUSINESS MODELS EMERGING

1

Consolidation Of Intermediaries
Balance Of Power Shifts From (Re)Insurers

2

Non-Admitted Market Share Gains Are "Secular" & "Cyclical"

5

Social Inflation Raises Underlying Loss Cost Trends

New Business Models Emerge

3

Technology Accelerates "Capital Lite" Underwriting Model With MGA & "Fronts" At Forefront

4

Catastrophe Losses Becoming More Frequent & Severe = Investors Turn From "Volatility"

TECHNOLOGY DRIVES NEW BUSINESS MODELS

TARIFF RATINGS

Pre-1950s

MULTI-LINE ERA

aetna

CIGNA

TRAVELERS

Mainframe
1950 - 1965

"SPECIALIST"

PROGRESSIVE

W. R. Berkley Corporation

RLI

Minicomputer
1965 - 1985

START-UP (RE)INSURERS

RenaissanceRe

PartnerRe

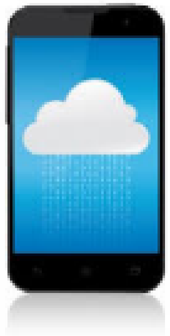
VALIDUS GROUP

Micro P/C Era
1985 - 2015

NEW MODELS FOR DISTRIBUTION AND RISK ASSUMPTION

Intermediary Power
MGAs
Fronting Carriers
Non-Traditional $$

Data Storage, Cloud Computing, Big Data, AI
Sophisticated Algorithms



WHAT WE EXPECT IN THE INVESTABLE FUTURE

1) Intermediaries Continue To Consolidate & Capture More of (Re)Insurance Value Chain

2) Larger / Specialty Underwriters Pick Up Share From Regional / Smaller Carriers

3) “Capital Lite” Underwriting Models (MGA / Front) Continue To Grow Despite “Blowups”

4) Direct Picks Up Share In Personal Lines And Small Commercial

5) (Re)Insurer Underwriting Results More Stable Over Time

6) Non-Traditional Capital Assumes More Of Risk As Casualty Expands

7) Risk Of Government Intervention Rises

QUESTIONS?

Please send any feedback, comments or questions to Kyle@Dowling.com

APPENDIX

“He Who Controls The Customer Wins” = Will “Intermediaries” Keep “Winning”?

RISE OF THE PUBLIC (RE)INSURANCE BROKERS (BY MKT VALUE)

TOP 15 U.S. P/C COMPANIES BY MARKET CAPITALIZATION

Ranked By Market Capitalization (US$)

2006		2011		2016		2021		Current*	
AIG	$186.4	AIG	$44.0	AIG	$65.0	Marsh McLennan	$87.5	Progressive	$145.8
Allstate	$40.5	ACE	$23.6	Chubb	$61.6	Chubb	$82.5	Chubb	$112.8
St Paul Travelers	$36.4	Travelers	$23.2	Marsh	$34.8	Aon	$64.6	Marsh McLennan	$100.0
The Hartford	$30.2	Chubb	$19.2	Travelers	$34.2	Progressive	$60.0	Aon	$80.3
Chubb	$21.9	Marsh	$17.0	Aon	$29.2	AIG	$46.6	Gallagher	$77.1
ACE	$19.8	Aon	$15.2	Allstate	$27.1	Travelers	$37.7	Travelers	$62.9
Progressive	$18.1	Allstate	$13.7	Progressive	$20.6	Gallagher	$35.4	Allstate	$53.4
MMC	$16.9	Progressive	$12.0	The Hartford	$17.8	Allstate	$33.1	AIG	$43.6
XL	$13.1	The Hartford	$7.2	Willis Towers Watson	$16.7	WTW	$29.0	Fairfax	$42.3
CNA	$10.9	CNA	$7.2	Markel	$12.6	The Hartford	$23.1	The Hartford	$37.5
Aon	$10.6	Willis	$6.7	Cincinnati	$12.5	Intact	$22.9	Intact	$36.1
Cincinnati	$7.8	XL	$6.3	CNA	$11.2	Brown & Brown	$19.9	Arch	$34.4
Safeco	$7.3	Arch	$5.0	Fairfax	$11.2	Cincinnati	$18.3	WTW	$33.2
Berkley	$6.7	Cincinnati	$4.9	Arch	$10.6	Arch	$16.8	Brown & Brown	$31.1
Everest	$6.4	Berkley	$4.7	XL	$10.6	Markel	$16.8	Berkley	$28.0

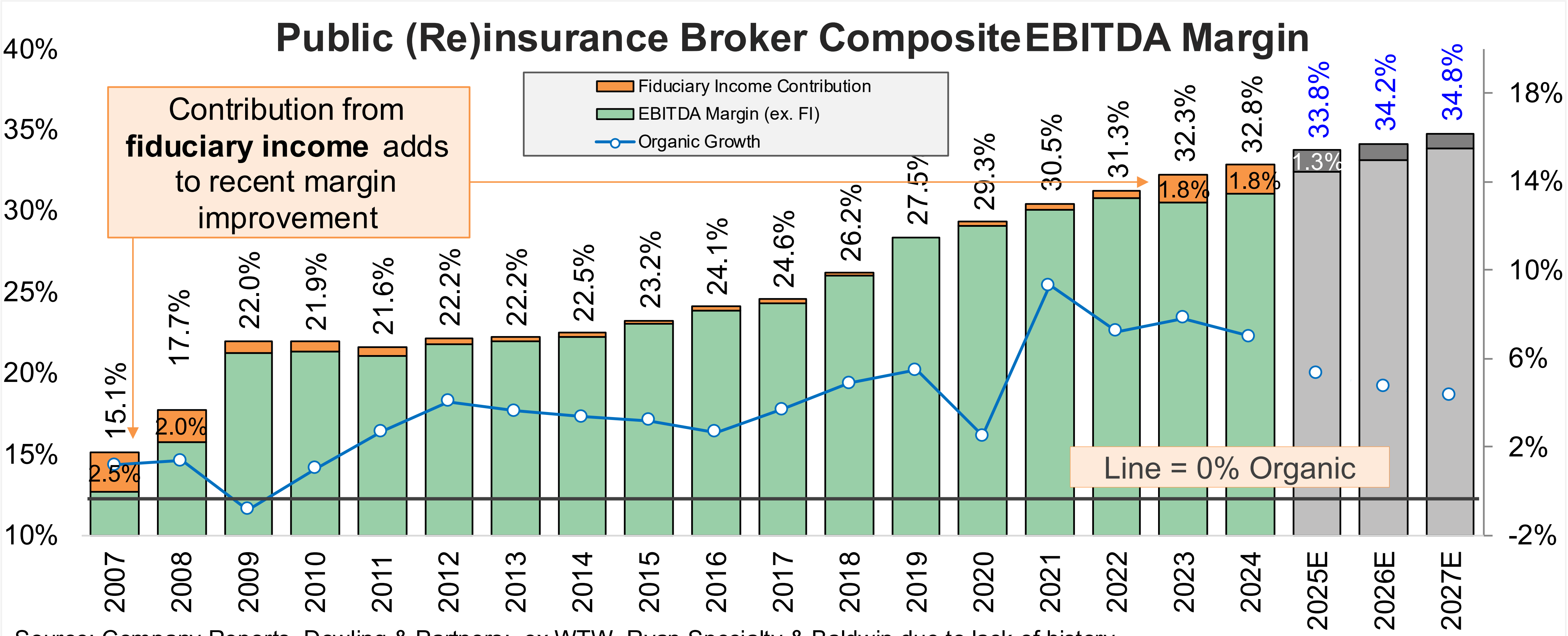
Brokers % of Top 15 Market Cap

2006	2011	2016	2021	Current*
6%	19%	21%	40%	35%

*Source: FactSet; D&P Analysis, *Based on 9/11 pricing. Excluding Berkshire Hathaway, Includes Fairfax & Intact*

MARGINS UP EA. YEAR REGARDLESS OF ORGANIC GROWTH

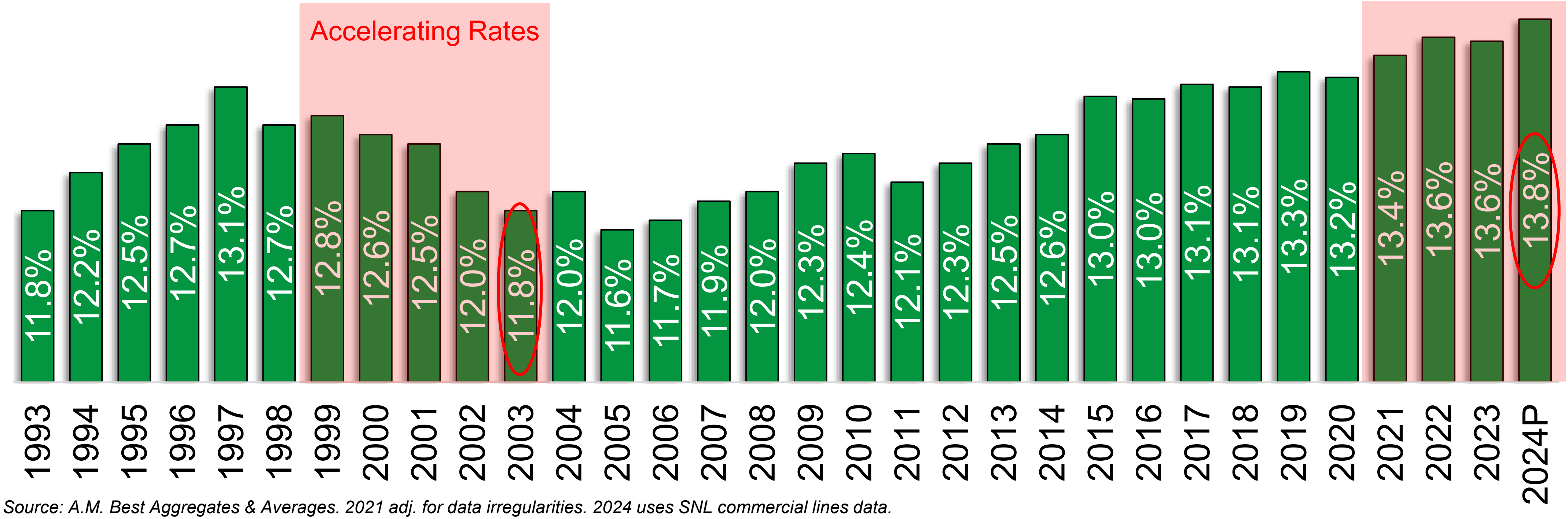
(SO FAR… ALL EYES ON MODERATING ORGANIC & FID INCOME TIED TO SHORT TERM RATES)



Source: Company Reports, Dowling & Partners; ex WTW, Ryan Specialty & Baldwin due to lack of history

UNLIKE PAST HARD MARKETS, COMMISSIONS ARE RISING

Commercial Lines - Direct Commission & Brokerage Ratio



Source: A.M. Best Aggregates & Averages. 2021 adj. for data irregularities. 2024 uses SNL commercial lines data.

SIMPLE MATH: INTERMEDIARY IS BETTER BUSINESS

		As % of Premium
Commissions Paid By Insurance Carriers		14%
Fees Paid By Clients Directly To Intermediary	+	2%
Approximate Intermediary Revenue		**16%**
Approximate Profit Margin	x	**33%**
Approximate Intermediary Margin Relative To Premium	=	**5%**

VS.

10 Year Average Industry Underwriting Margin (95% CR)	**5%**

TOP 20 BROKERS 35 YEARS AGO NOW JUST TOP 4

TOP 20 GLOBAL INTERMEDIARIES

1989 Rank	Broker	1989* ($, B)	Top 20 Mkt. Sh.
1	Marsh McLennan	$2.5	27%
2	Alexander & Alexander	$1.2	14%
3	Sedgwick Group	$1.0	12%
4	Johnson & Higgins	$0.8	9%
5	Corroon & Black	$0.5	5%
6	Willis Faber	$0.5	5%
7	Frank B. Hall	$0.4	4%
8	Rollins Burdick Hunter	$0.3	4%
9	Minet	$0.3	3%
10	Jardine Ins. Brokers	$0.2	3%
	TOP 10	**$7.7**	**86%**
11	C.E. Heath	$0.2	2%
12	Arthur J. Gallagher	$0.2	2%
13	Bain Clarkson PLC	$0.2	2%
14	Hogg Group PLC	$0.2	2%
15	Faugere & Jutheau	$0.1	1%
16	Jauch & Hubener	$0.1	1%
17	Hudig-Langeveldt	$0.1	1%
18	Gras Savoye SA	$0.1	1%
19	Sodarcan	$0.1	1%
20	Hilb, Rogal & Hamilton	$0.1	1%
	TOP 20	**$9.0**	**100%**

2023 Rank	2024 Rank	Broker	Ownership	2024 ($, B)	Top 20 Mkt. Sh.
1	1	Marsh McLennan	Public	$24.5	23%
2	2	Aon PLC	Public	$15.7	15%
3	3	AJ Gallagher	Public	$11.4	11%
4	4	WTW	Public	$9.9	9%
8	▲ 5	Alliant Insurance	PE	$5.1	5%
5	▼ 6	HUB International	PE	$4.8	5%
6	▼ 7	Brown & Brown	Public	$4.8	5%
7	▼ 8	Acrisure LLC	PE-like / Mgmt	$4.6	4%
9	9	Lockton**	Private	$4.0	4%
10	10	Howden Group	PE/ Mgmt	$3.8	4%
		TOP 10		**$88.6**	**83%**
10	11	USI Insurance	PPC*	$3.0	3%
12	12	AssuredPartners	PE	$2.9	3%
14	▲ 13	Broadstreet	PPC*	$2.2	2%
13	▼ 14	Ardonagh Group	PE	$2.0	2%
15	15	Accession RMG	PE	$1.7	2%
17	▲ 16	Alera Group	PE	$1.5	1%
16	▼ 17	Galway (EPIC)	PE	$1.5	1%
20	▲ 18	Baldwin Group	Public	$1.4	1%
New	19	OneDigital	PE	$1.3	1%
New	20	Steadfast Group	Public	$1.1	1%
		TOP 20		**$106.2**	**100%**

Emergence Of Private Equity Buyers

Source: Co Reports; A.M. Best *Permanent Private Capital **Lockton FY ends 4/30

U.S. BASED BROKERS CONTINUE TO CONSOLIDATE

TOP 50 U.S. Brokers & Agencies (2016) Updated = 42% Purchased

2016 Rank	Broker *(Rebranded)*	U.S. Revenue ($, M)	
1	Marsh & McLennan	$6,573	
2	Aon PLC	$6,078	
3	Willis Towers Watson	$3,395	
4	Arthur J. Gallagher	$2,945	
5	BB&T Insurance (TIH Insurance)	$1,749	
	← McGriff / CRC stand-alone		
6	Brown & Brown	$1,713	
7	Hub International	$1,281	
8	Lockton	$1,055	
9	USI Insurance Svcs	$1,049	Top 100
10	Wells Fargo Insurance	$981	Mkt. Sh.
	TOP 10	**$26,818**	**71%**
11	Alliant Insurance Svcs	$967	
12	NFP Corp.	$930	
13	AssuredPartners	$834	
14	Acrisure LLC	$649	
15	BroadStreet Partners	$423	
16	Jardine Lloyd Thompson	$248	
17	Edgewood Partners / EPIC (Galway Hld)	$245	
18	Leavitt Group	$225	
19	CBIZ Benefits & Insurance Svcs	$223	
20	Integro Group	$221	
21	Paychex Insurance Agency	$207	
22	Risk Strategies	$198	
23	Hays Companies	$195	
24	Insurance Office of America	$181	
25	Crystal & Company	$163	
	TOP 25	**$32,728**	**86%**

Source: Company Reports, The Hales Report

2016 Rank	Broker	U.S. Revenue ($, M)	
26	Alera Group	$160	
27	Holmes Murphy & Associates	$159	
28	Higginbotham	$156	
29	Meadowbrook / AmeriTrust	$154	
30	Digital Insurance	$148	
31	Cottingham & Butler	$147	
32	The IMA Financial Group	$146	
33	Cross Insurance	$144	
34	Regions Insurance Group	$142	
35	RKH Specialty	$136	
36	Wortham Insurance & Risk Mgmt	$128	
37	Hylant Group	$121	
38	Woodruff-Sawyer	$119	
39	BancorpSouth Insurance (Cadence)	$116	
40	PayneWest Insurance	$109	
41	Heffernan Group	$105	
42	Assurance Agency	$100	
43	Ascension Insurance (Relation Ins)	$89	
44	Insurica	$88	
45	Prime Risk Partners	$87	
46	The Hilb Group	$85	
47	Associated Benefits & Risk Consulting	$82	
48	Frenkel	$76	
49	Eastern Insurance	$75	
50	Marshall & Sterling Enterprises	$73	
	TOP 50	**$35,673**	**94%**

CURRENT LANDSCAPE = 42+ BUYERS! (35+ PE-BACKED)

PRIVATE EQUITY BUYERS

ACRISURE
Alliant
HUB
USI
EPIC
ALERAGROUP
BroadStreet Partners
Trucordia
FOUNDATION RISK PARTNERS
Higginbotham
HOWDEN
Hilb GROUP
WORLD
ALKEME
HIGHSTREET Insurance Partners
IMA
INTEGRITY
Relation
CREST
inszone INSURANCE SERVICES
KING RISK PARTNERS
ONEDIGITAL
Keystone Agency Partners
VENBROOK
PATRIOT GROWTH INSURANCE SERVICES
SUNSTAR INSURANCE GROUP
TROPOLIS
SUPERIOR INSURANCE PARTNERS
TRICOR LLC INSURANCE
VANTAGE INSURANCE PARTNERS
CHOICE Financial Group
UNISON RISK ADVISORS
Oakbridge
AFORE Insurance Services

PUBLIC BUYERS

NFP → *Acquired By Aon* NFP
McGriff → Marsh McLennan
ACCESSION RISK MANAGEMENT GROUP
RISK STRATEGIES | ONE80 INTERMEDIARIES → Brown & Brown INSURANCE
AssuredPartners → Gallagher
CBIZ

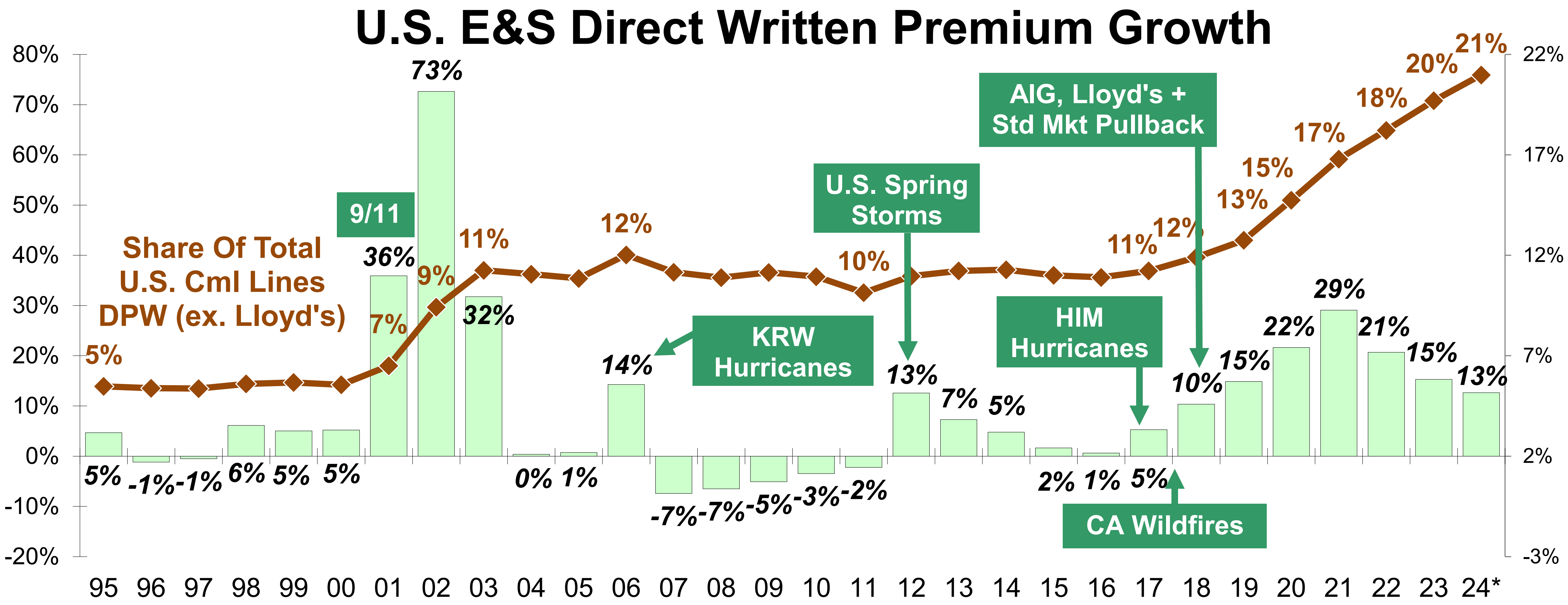
subject to DOJ review of a "second request"

BACK! (2025)
The Baldwin Group
wtw

Growth Of Excess & Surplus / Non-Admitted Markets Accelerates
Both Secular & Cyclical Tailwinds

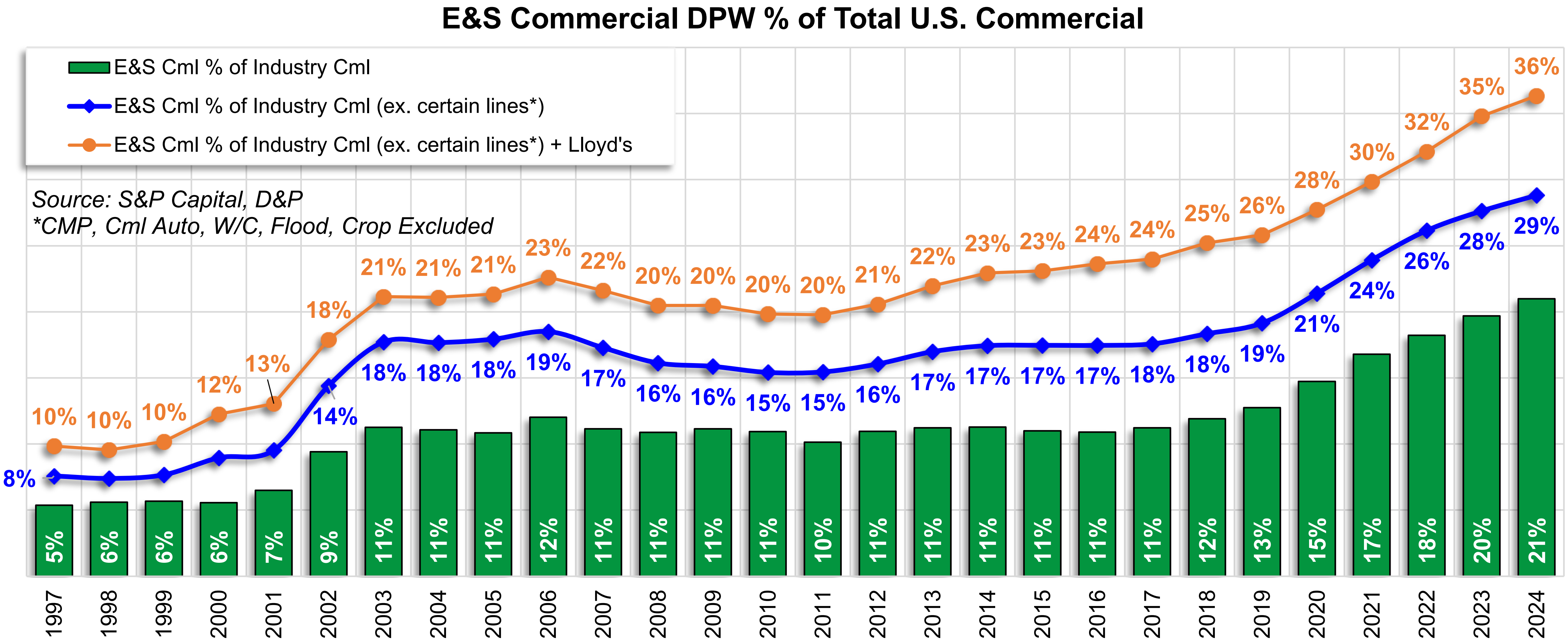
E&S (WITH LLOYDS OF LONDON) NOW ~1/4 OF COMMERCIAL PREMIUM!

~25% Including Lloyd's*

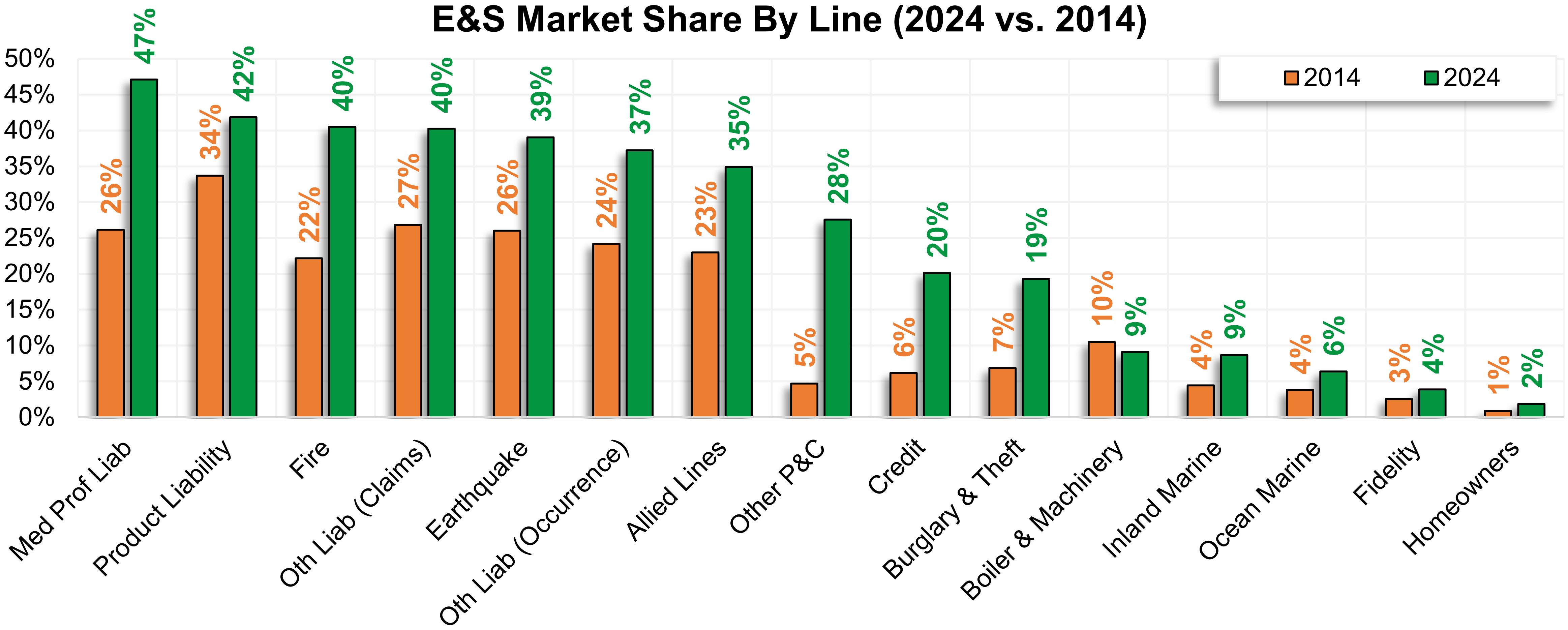


*Source: A.M. Best Excess and Surplus Study (Published Sept-24); *S&P Capital IQ / D&P Analysis for 2024*

HEADLINE #'S UNDERSTATE E&S "SHARE" = SOME LINES NOT E&S ELIGIBLE

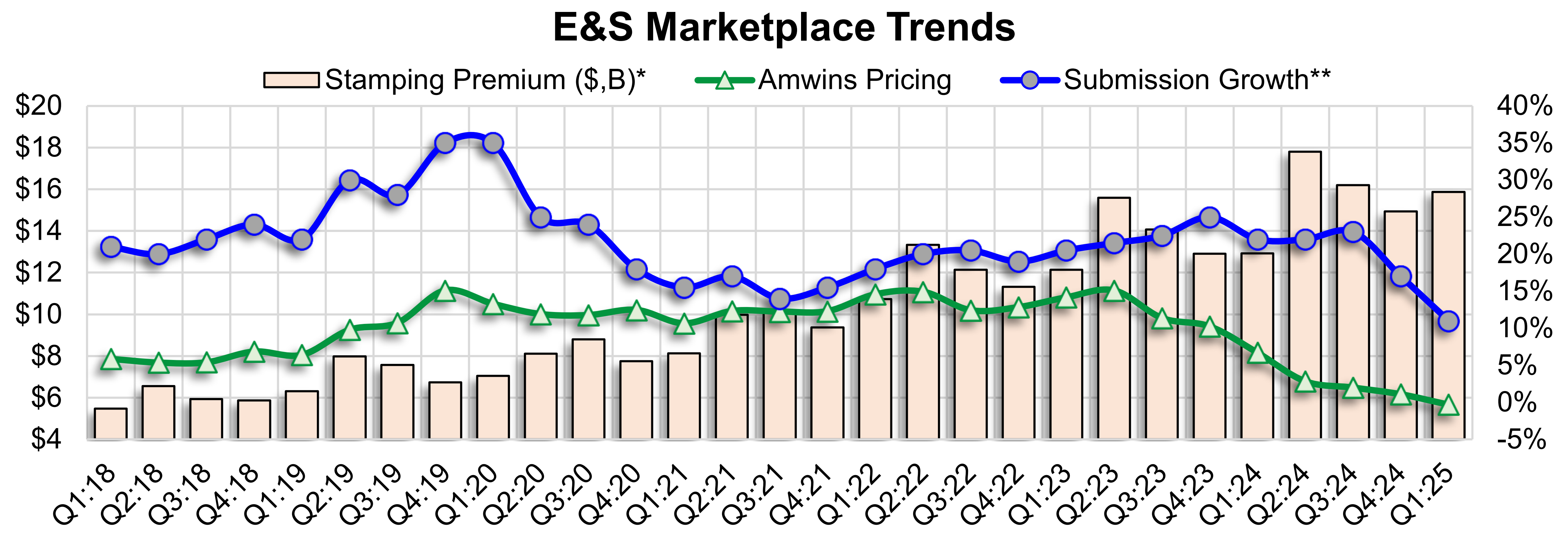


E&S GAINING "SHARE" OVER TIME IN ALL LINES BUT BOILER ☺



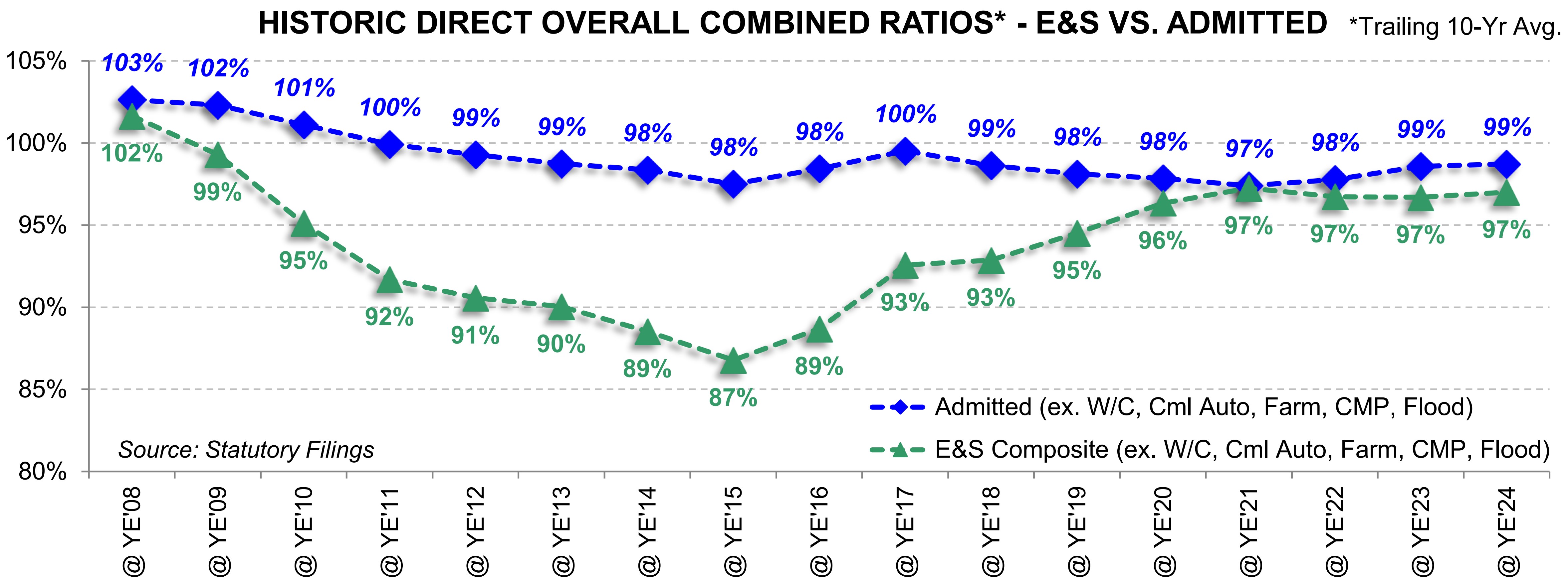
Source: D&P, S&P Capital IQ

PRICING DECLINES EVEN AS SUBMISSION ACTIVITY REMAINS HIGH

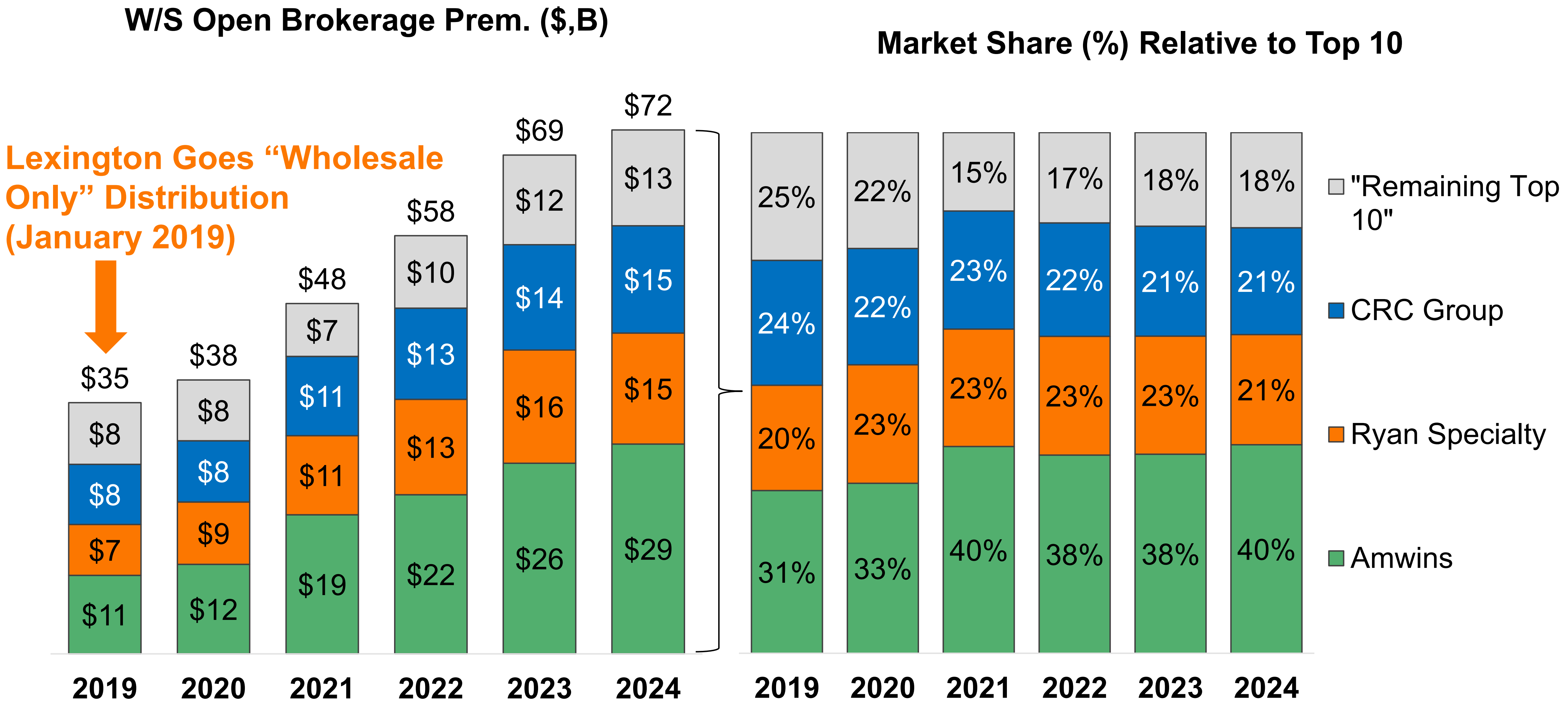


*Source: Stamping Offices, Amwins, Co. Reports; *Top States: FL, TX, CA, NY; **KNSL Metrics*

ACROSS SIMILAR LINES OF COVERAGE, E&S OUTPERFORMS ADMITTED OVER TIME: RECENT "PROPERTY" EXPERIENCE HAS NARROWED GAP



"BIG 3" WHOLESALE BROKERS: AMWINS, RYAN & CRC = ~80% OF TOP 10 SHARE!



*Source: Dowling & Partners, Business Insurance, *P&C Open Wholesale Brokerage Premium Volume ($,B) Only*

WHOLESALE BROKERS OF YESTERDAY EVOLVED INTO SPECIALTY DISTRIBUTION OF TODAY. WHY/HOW?

- ☑ Specialized Industry/Product Knowledge (+ Assistance "Selling" The Account)
- ☑ Access – To Markets & Specific Underwriters = Increasing "Wholesale Only" Capacity
- ☑ Non-Admitted Capacity, Admitted Capacity & Increasingly Delegated Authority
- ☑ Capacity – Large Complex Placements
- ☑ Speed & Ease Of Use Combined With "Marginal Cost" Expense Of Specialty Distribution
- ☑ "Preferred" Relationships Justify "Preferred" Terms / Commission Splits For Big Retailers

Growth Of MGA’s & Fronting Carriers Accelerates New Business Models

1 **Abundant Start-up Capital**

2 **Abundant Fronting Capacity**

5 **Multiple Buyers For Profitable Exit**

The Golden Age Of MGA/ MGU/ Program Administrators?

3 **Reinsurance Demand For Premium**

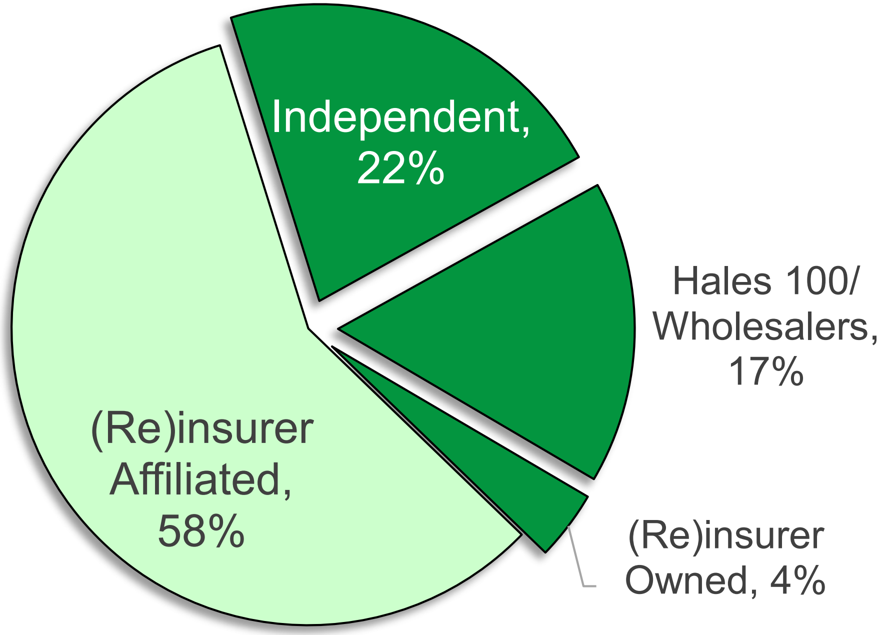
4 **Improved Systems And Risk Management (Exceptions Remain!)**

LARGE INDEPENDENT MGAS ARE INCREASINGLY SCARCE

Big/Recent MGA Deals

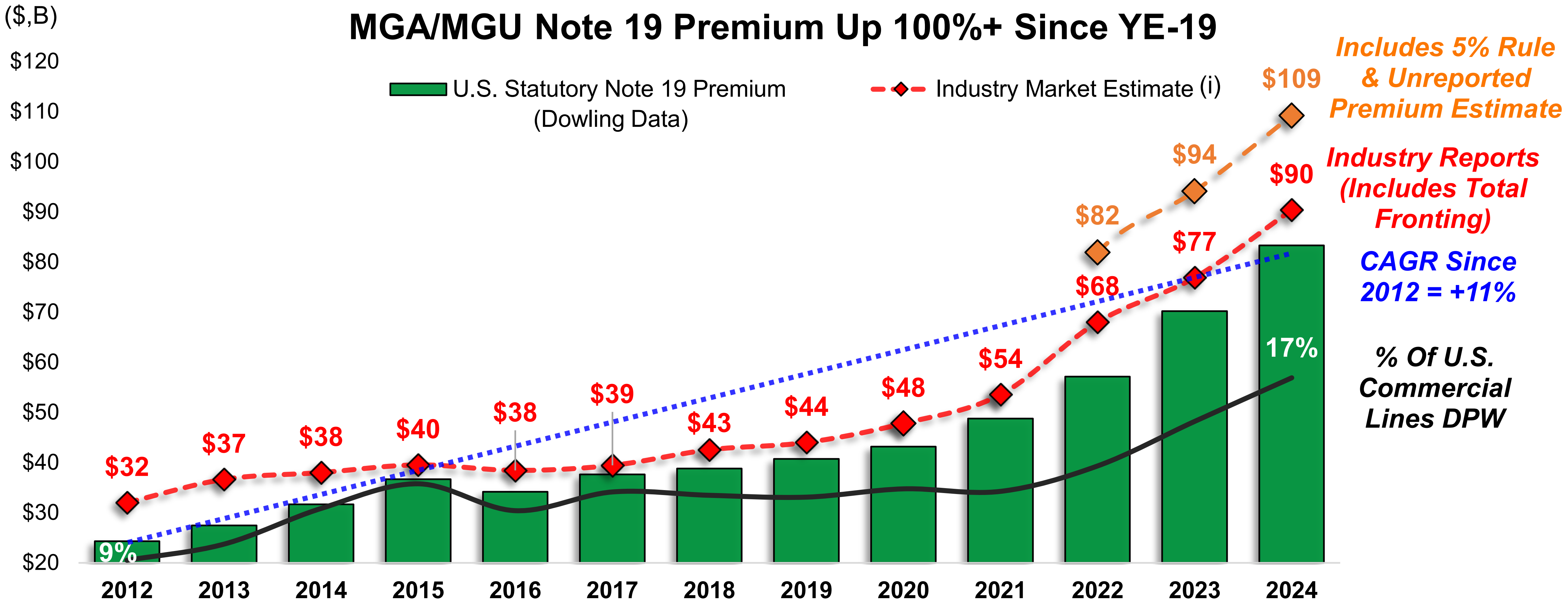
Distinguished.	2025	White Mountains
NSM Insurance Group	2025	NMC New Mountain Capital
Velocity Risk	2025	Ryan Specialty
Innovisk Capital Partners	2024	Ryan Specialty
US Assure	2024	Ryan Specialty
Corvus	2023	Travelers
bamboo	2023	White Mountains
ambridge	2023	amynta
K2 Insurance Services	2022	Warburg Pincus
NSM Insurance Group	2022	Carlyle
Volante Global	2022	Acrisure
Velocity Risk	2022	Oaktree

U.S. STAT MGA/ MGU Premium ($83B) By MGA/ MGU Owner



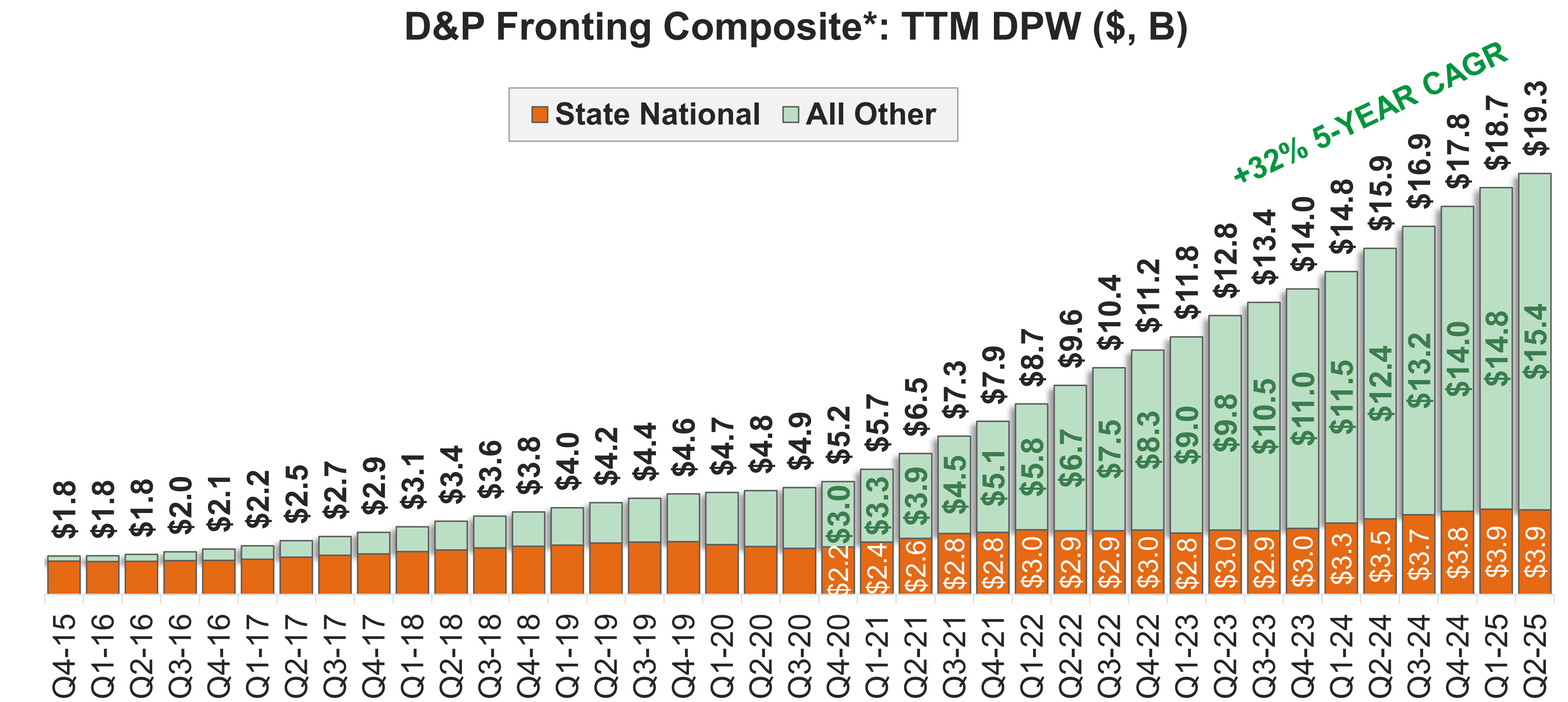
*Source: STAT Statements, S&P Global; D&P; *Excludes Lloyd's and International premium*

MGA/MGU BUSINESS NOW EXCEEDS $100 BILLION OF PREMIUM



Source: S&P Global, Aon, D&P Analysis; 5% Rule = (Re)insurers are only required to disclose premium that is ≥5% of STAT capital & surplus (i.e., U.S. statutory data does not provide a full representation of the MGA / MGU market). (i) Aon for 2012 – 2024

FRONTING MARKET TRIPLES IN FOUR YEARS = P/E DRIVEN



Source: S&P Capital IQ; D&P Analysis; *Index Includes Accelerant, Accredited, Benchmark, Clear Blue, Concert, Everspan, Emerald Bay, Falls Lake, Hadron, Incline (incl. Redpoint County Mutual), Obsidian, Redpoint, Southlake Specialty, Spinnaker, State National, Sutton National, Transverse and Trisura.

THE RISE OF THE FRONTS & RESULTANT WEAKER “CONTROLS”

Fronting Carriers By Year of Inception: Owner Type, Surplus, & Rating

Potential For Sale / Selling

Pre 2015	2015-2016	2017-2018	2019-2020	2021	2022	2023	2024
	Companion Property & Casualty A (Excellent) N/A*			Palomar A (Excellent) $640M			
StateNational A (Excellent) $668M	Fortegra A- (Excellent) $574M		Incline A- (Excellent) $126M	Southlake Specialty Insurance Company A- (Excellent) $109M			
Benchmark Insurance Company A (Excellent) $280M	Accredited A- (Excellent) $148M	MS Transverse A+ (Superior) $284M	Accelerant A- (Excellent) $91M	Concert Group A- (Excellent) $61M	Core Specialty A (Excellent) $1.2B		
Falls Lake Insurance A- (Excellent) $248M	Spinnaker Insurance Company A- (Excellent) $263M	AF Specialty A (Excellent) $2B	Obsidian A- (Excellent) $87M	Everspan A- (Excellent) $137M	Knight Insurance Group A- (Excellent) $278M	Bridgehaven Insurance A- (Excellent) N/A**	
Topa Insurance Company B++ (Good) $68M	Clear Blue Insurance Group A- (Excellent) $227M	Trisura A- (Excellent) $276M	Sutton National A- (Excellent) $168M	SiriusPoint A- (Excellent) $786M	Kestrel Group A- (Excellent) $173M	Hadron A- (Excellent) $77M	Emerald Bay Risk Solutions A- (Excellent) $101M

Owner type:

- Surplus — Private Equity
- Surplus — (Re)Insurer
- Surplus — Other

Shows stat surplus for fronting-focused entities

Shows stat surplus for group (No dedicated fronting-focused entities)

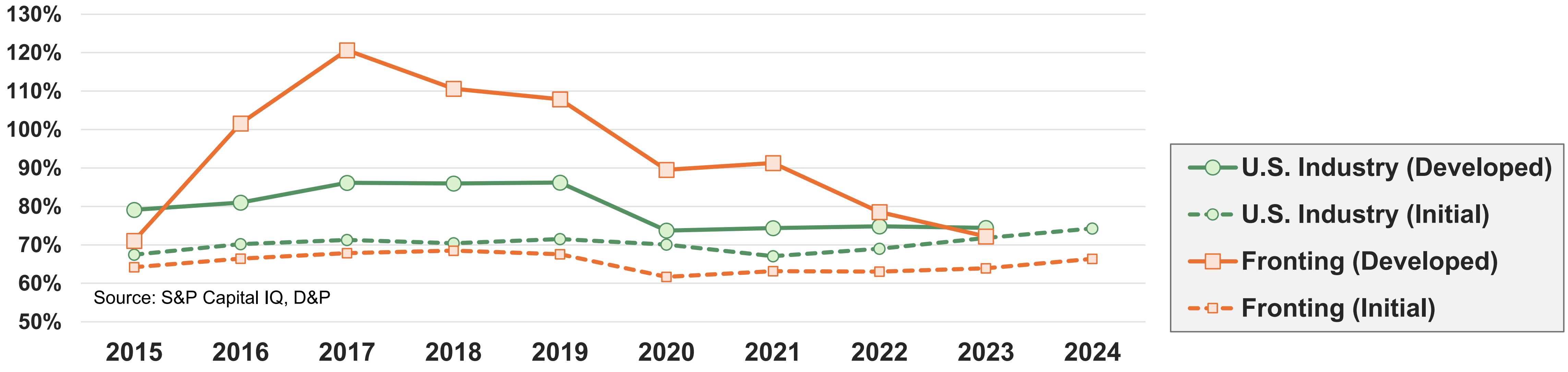
*Source: Company Reports, Statutory Filings, AM Best, D&P Analysis; *Acquired by Enstar in 2015, **Foreign Entity*

FRONTING COMPOSITE = UNDERWRITING RESULTS "DEVELOPING"

***Gross* Loss Ratios Have Consistently Developed Adversely Across Accident Years.**

Underlying Performance = Important For Reinsurance Relationships + Fronts Themselves Retaining More Of The Risk (Typically ~15-20%).

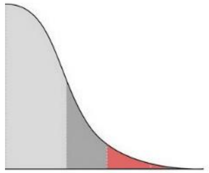
Fronting Composite* vs Industry (Cml Auto Liab. & OLO): Initial vs Developed Gross Loss Ratio



*Includes Accelerant, Accredited, Benchmark, Clear Blue, Concert, Everspan, Falls Lake, Hadron, Incline (incl. Redpoint County Mutual), Obsidian, Redpoint, Southlake Specialty, Spinnaker, Sutton National, Transverse and Trisura but excludes State National for the purpose of this analysis

THE RISE OF THE FRONTS = NOT YOUR FATHER'S FRONT

"Fronting" Is *Not* Risk-Free. Will Be More Mistakes

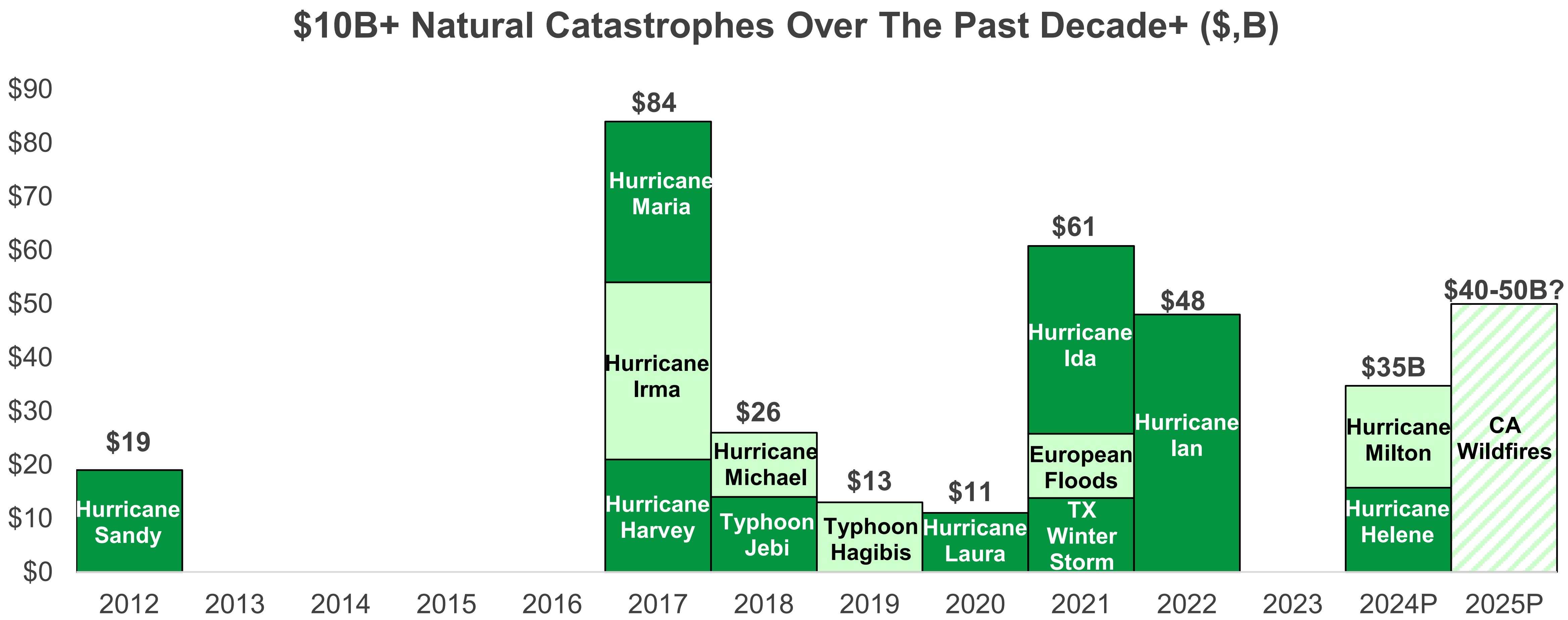
	Historical Fronting Model (The State National Model)	Current Fronting Model	Fronting Model Risk Considerations	Impact To Risk
NO PAYMENT	Collateral Requirement = TIV	"Less Stringent"/ Negotiable Collateral Requirements	Counterparty/ Credit Risk	
	Tail Risk Fully To Reinsurer	PML Caps At 1-in-250 Year (A.M. Best Driven)	Tail Risk	
	No Underwriting Co-participation/ No "First Dollar" Risk	Co-participation/ "First Dollar" Risk Is A Requirement - 5-20% Standard	Underwriting Risk	
	Reinsurer "Reverse Flow" Business More Prevalent	Often MGA/ MGU Driven Business Flow	Operational Risk	

FACTORS IMPACTING (RE)INSURANCE MARKET - PROPERTY

Catastrophe Losses More Frequent & Severe
Institutional Investors Shy Away From “Volatility”

ILS Role Now More Constructive On Price

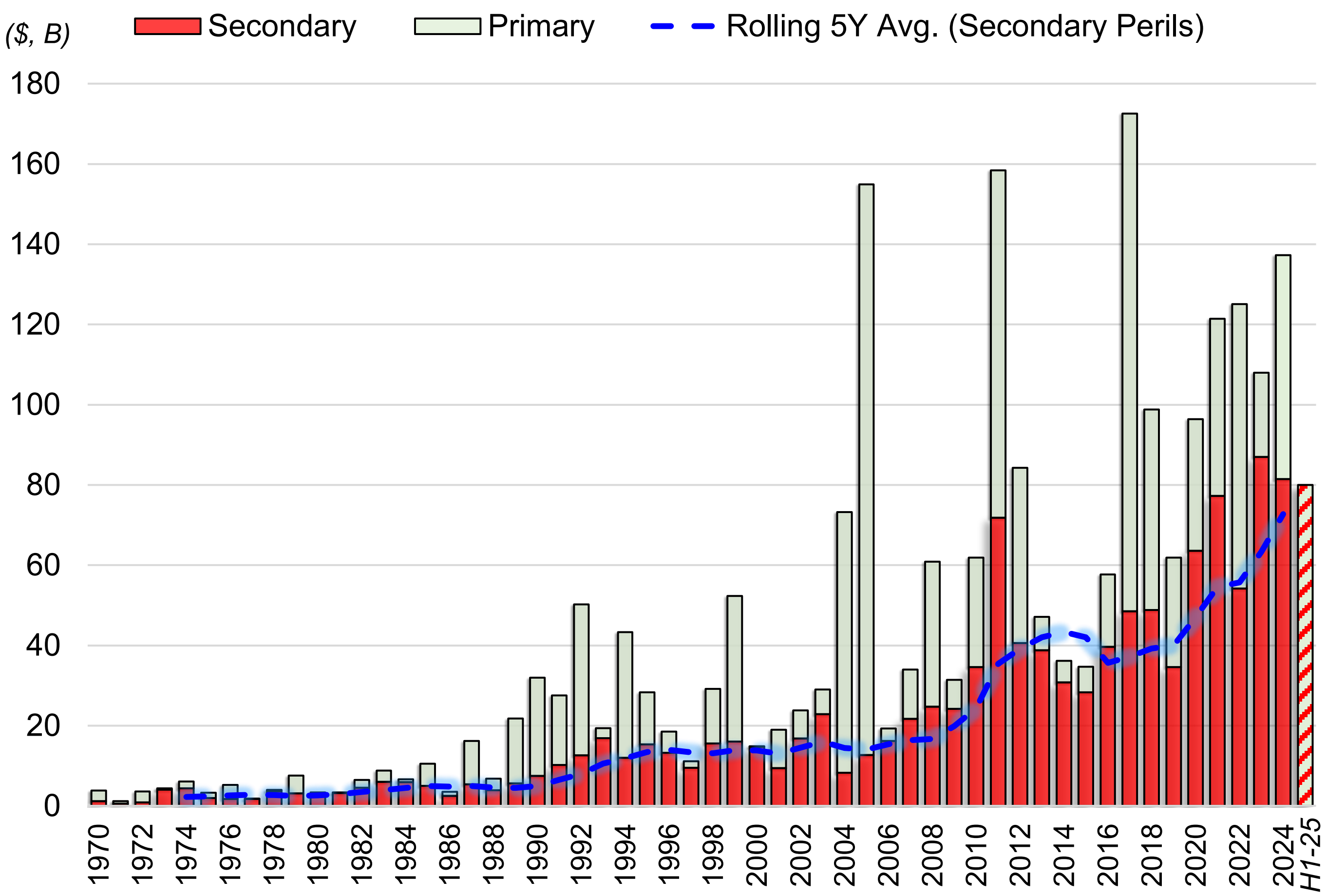
FREQUENCY OF SEVERITY HAS CLEARLY CHANGED



Source: GuyCarp, Aon, Industry Reports; D&P

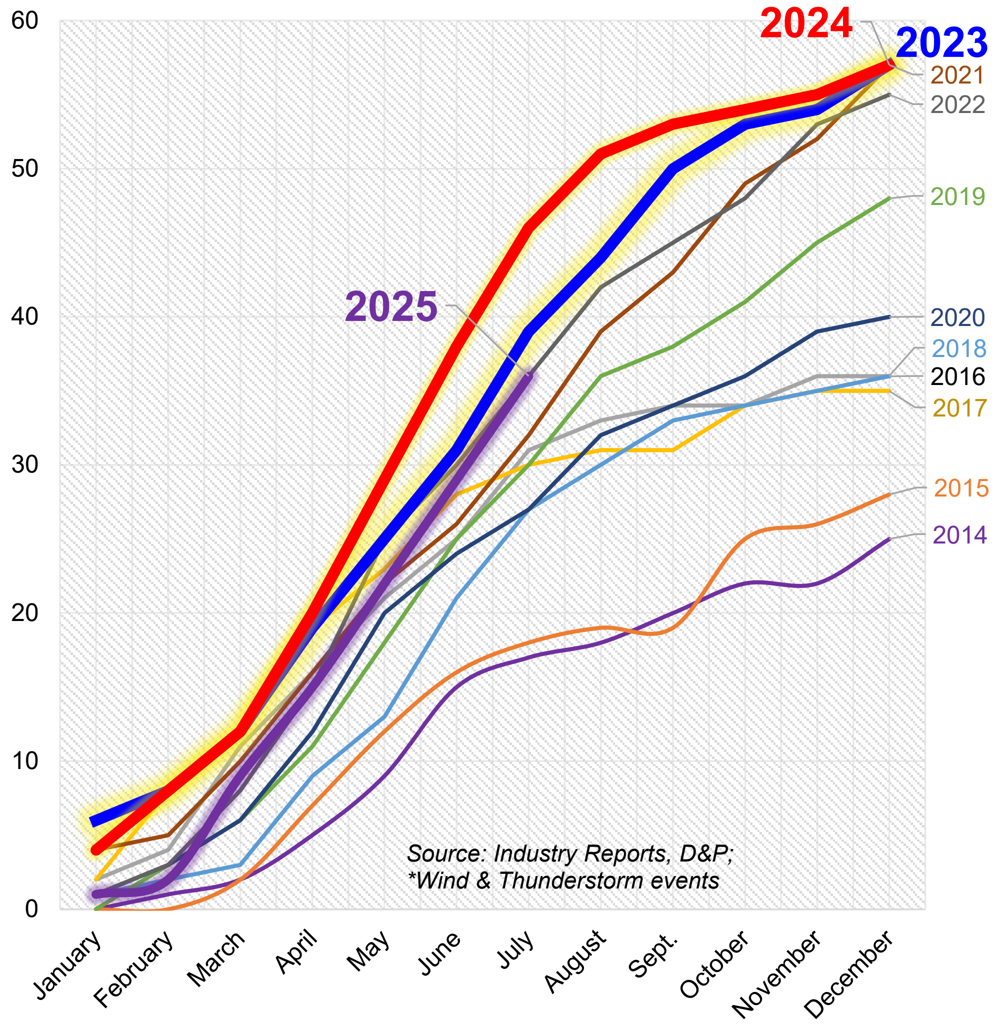
FREQUENT & SEVERE SECONDARY PERILS (DECADE HIGHS IN ’23 & ‘24)

Global Cat Losses (Primary vs. Secondary Perils)

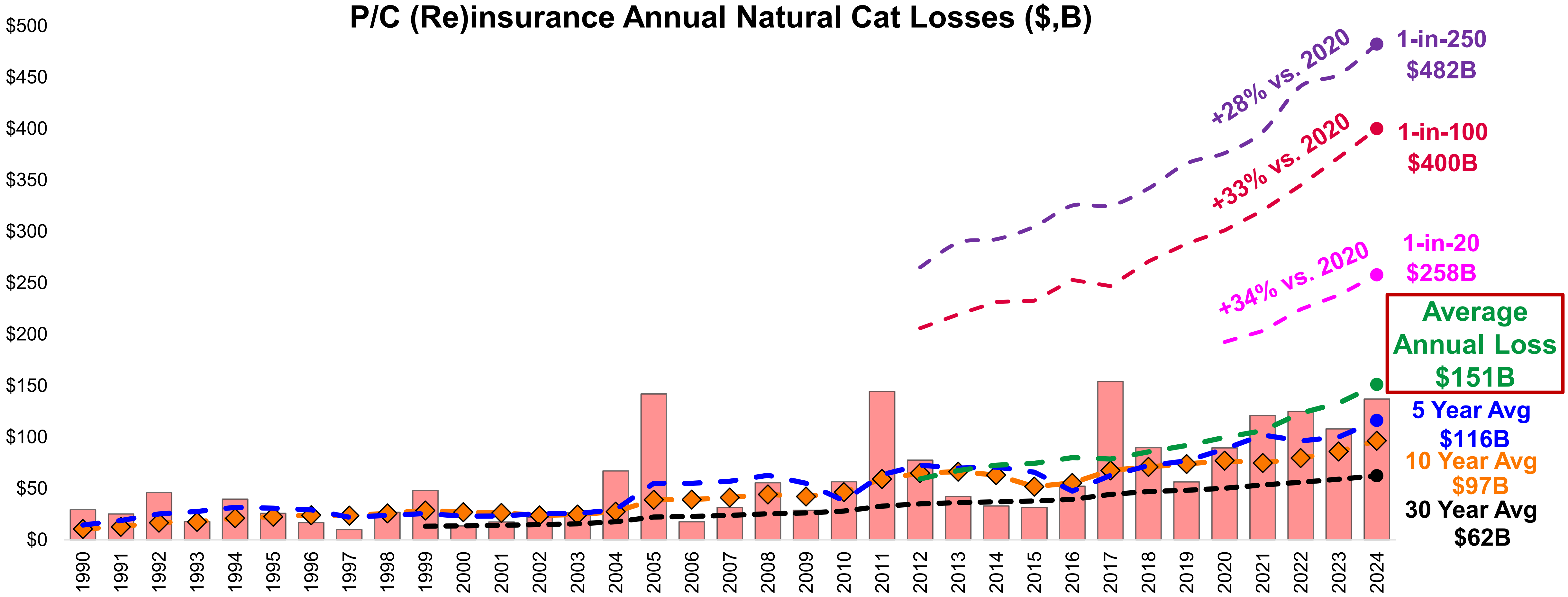


Source: Swiss Re, D&P

U.S. Cumulative SCS* Count 2014-2025

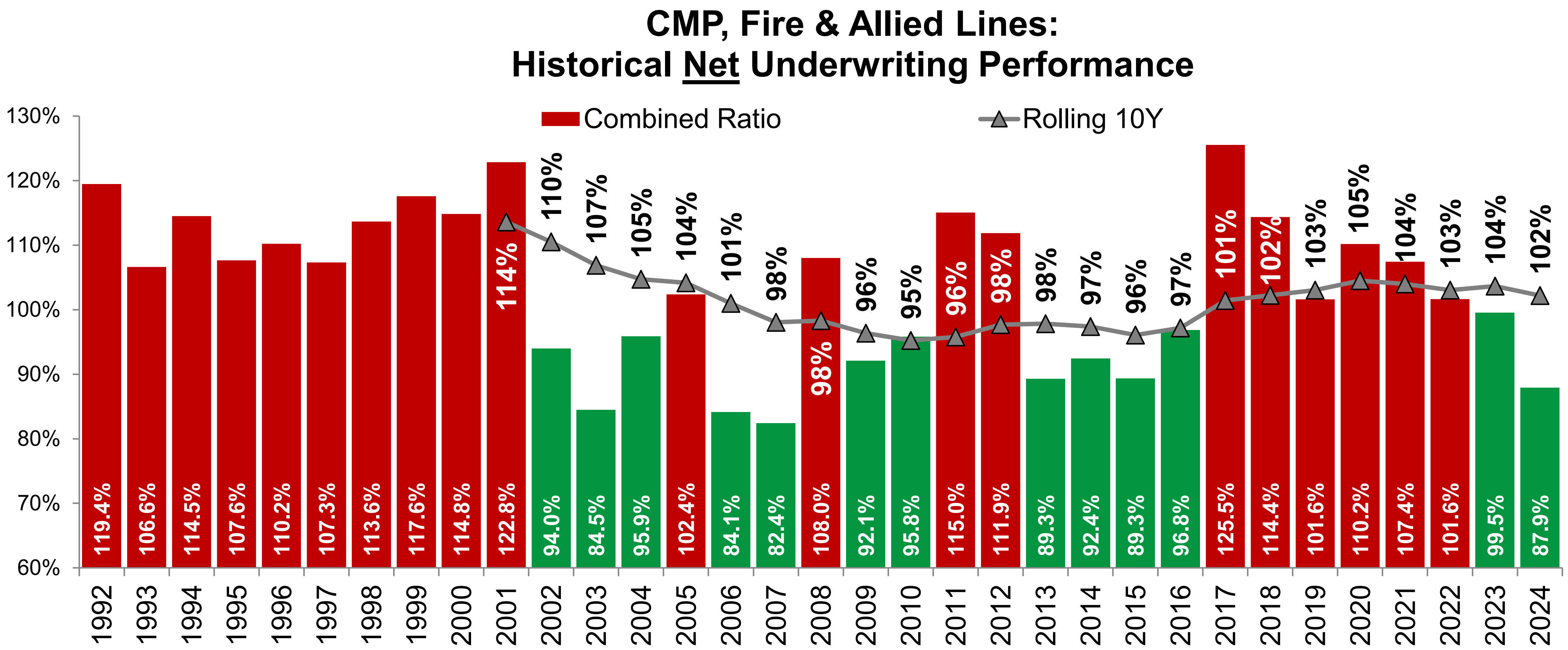


WORLD-WIDE PROPERTY CATASTROPHE EXPOSURE UP ~30% SINCE 2020 … AND WE HAVEN'T SEEN A "BIG ONE"



Source: Swiss Re SIGMA, Verisk, D&P

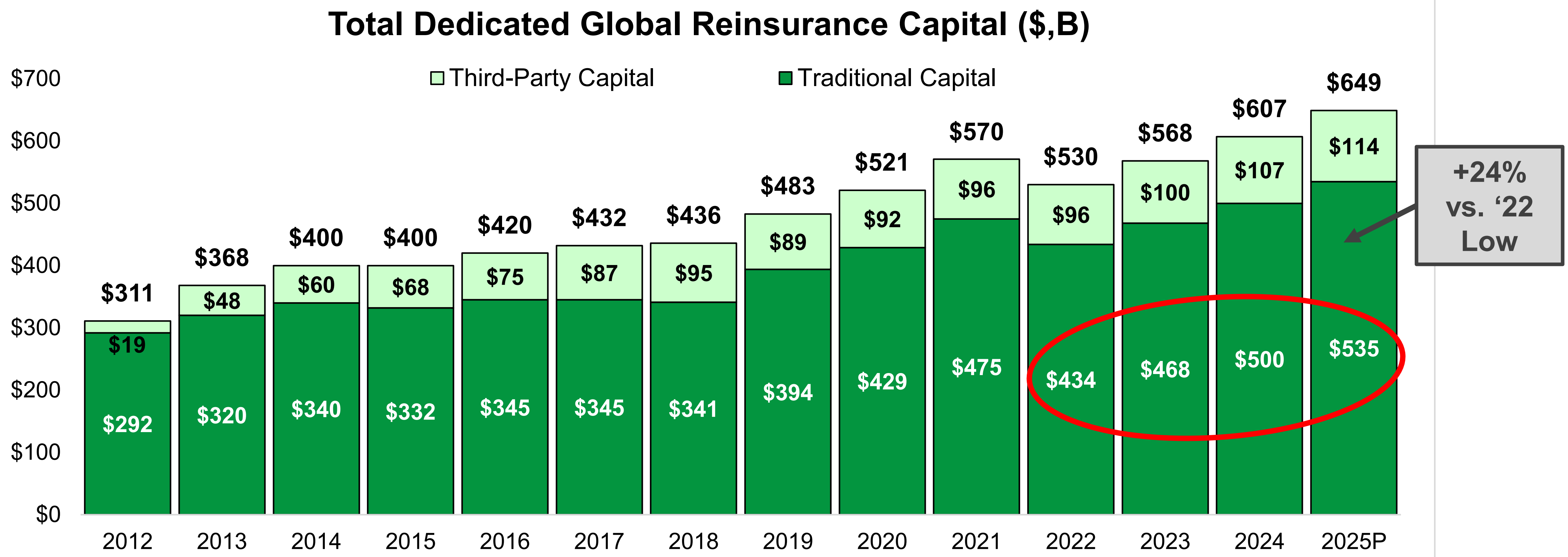
COMMERCIAL PROPERTY NET U/WING RESULTS = HAS BEEN UNDER SIGNIFICANT PRESSURE



Source: Statutory Filings; D&P Analysis;
Commercial Property = CMP (Non-Liab), Fire, Allied Lines

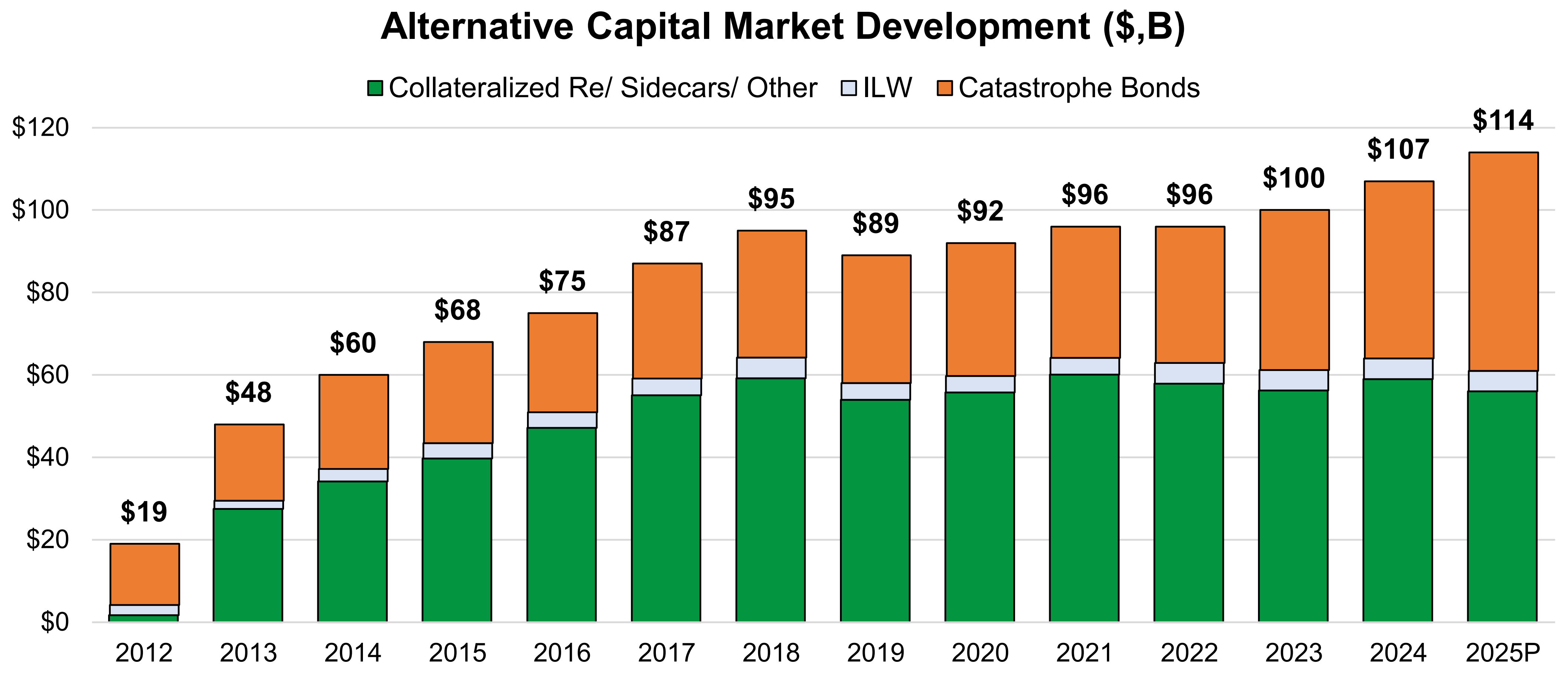
GLOBAL REINSURANCE CAPITAL IS ADEQUATE. PROPERTY RE PRICING TRENDING DOWN BUT ATTACHMENTS / T&C HOLDING

Higher Reinvestment Rates + Retained Technical Profits Contribute To Surplus Growth.



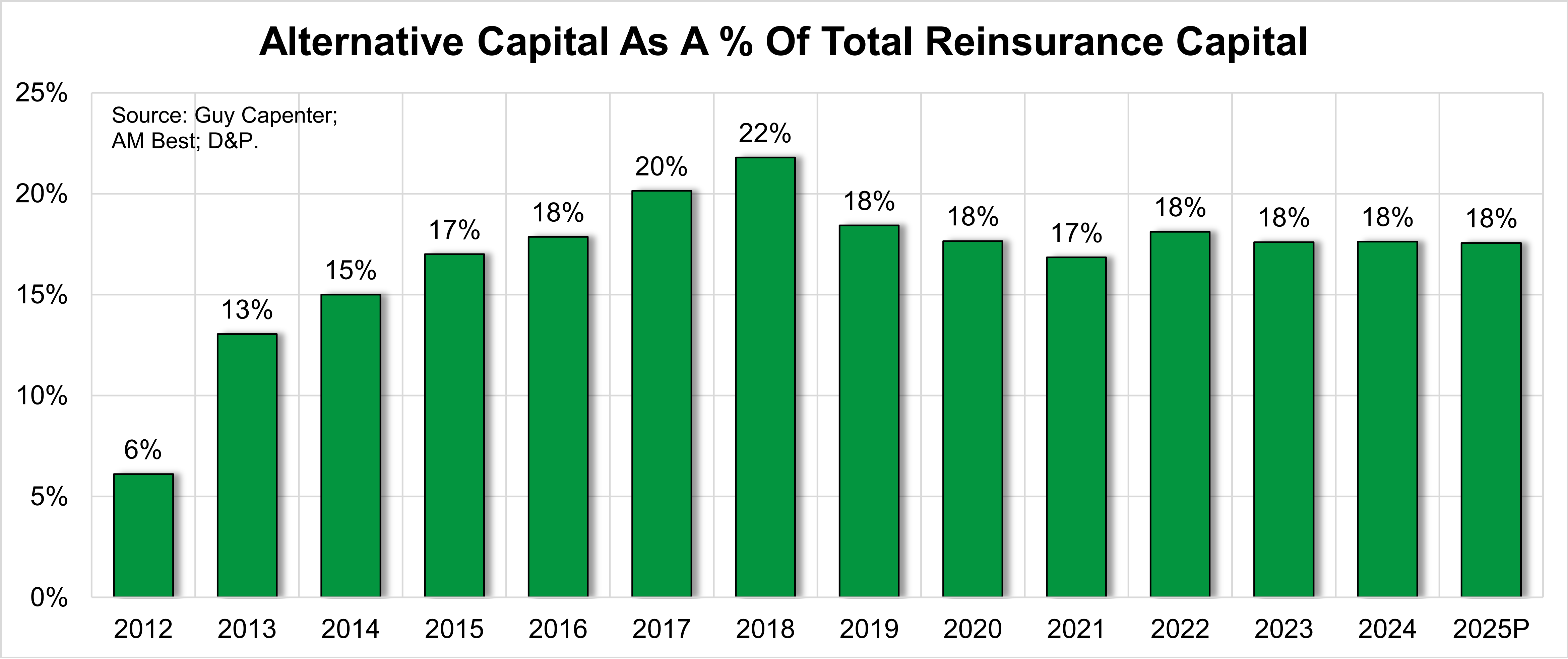
Source: AM Best, Guy Carpenter; D&P Analysis. "P" = Projected

AS ALTERNATIVE CAPITAL PLAYS A LARGER ROLE



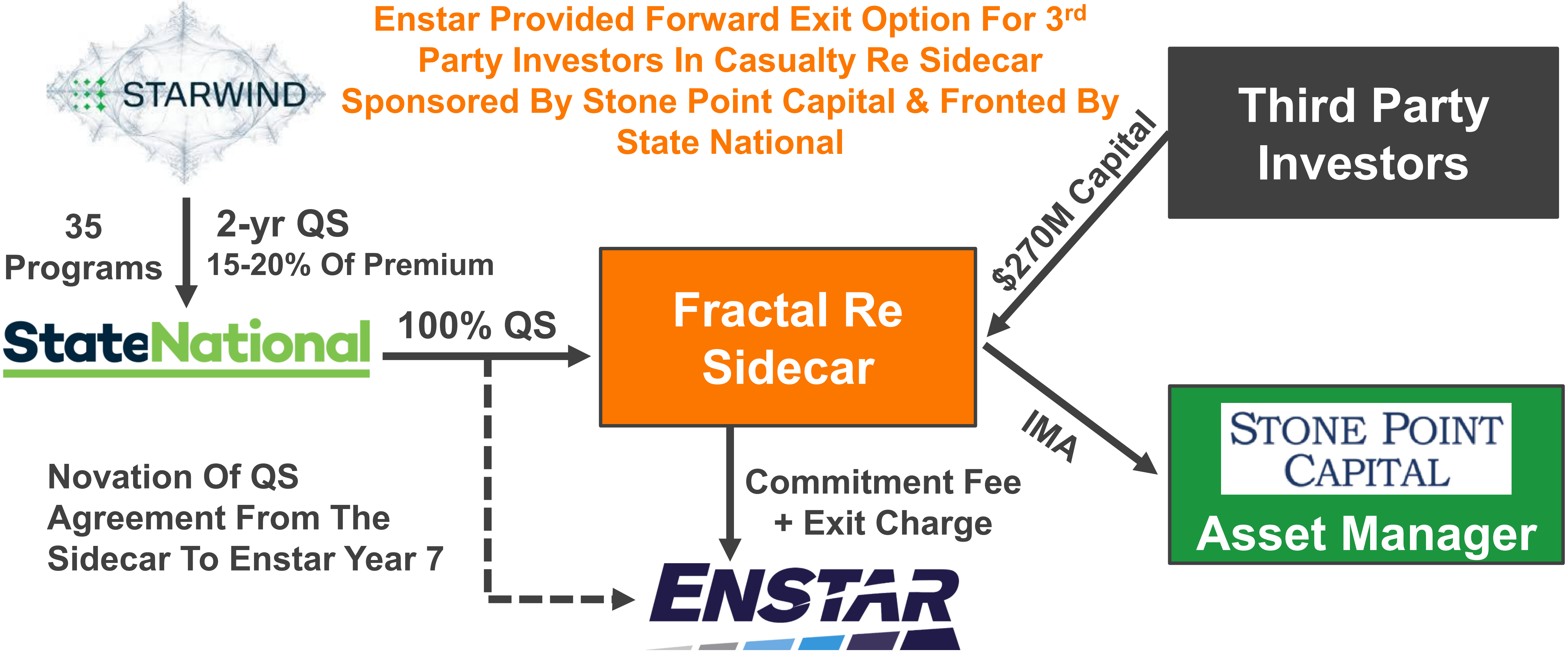
Source: AM Best, Guy Carpenter; D&P Analysis. "P" = Projected

ALTERNATIVE CAPITAL MARKET SHARE STAGNATES GIVEN PROPERTY CATASTROPE REINSURANCE FOCUS



STARWIND CASUALTY COLLATERALIZED QUOTA SHARE = MOST IMPORTANT DEAL OF 2024?

Enstar Provided Forward Exit Option For 3rd Party Investors In Casualty Re Sidecar Sponsored By Stone Point Capital & Fronted By State National



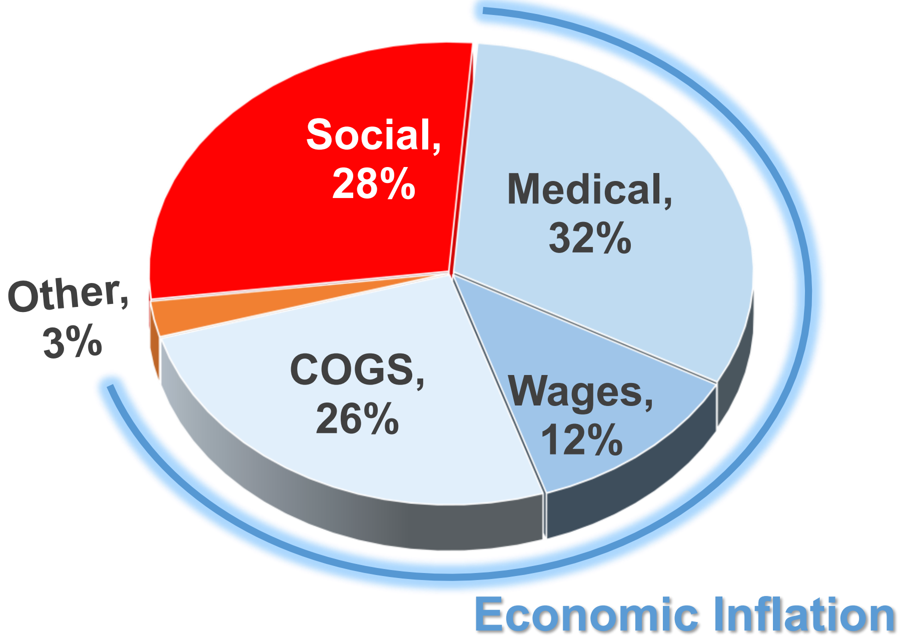
FACTORS IMPACTING (RE)INSURANCE MARKET - CASUALTY

Economic / Social Inflation & Litigation Finance Raise Loss Cost Trends

AND "SOCIAL INFLATION" HAS NOT GONE AWAY!

- **Increase in plaintiff attorney activity:** Rate of attorney involvement is up. During the earlier stages of COVID, attorneys settled claims more quickly = money in the door. Insurers are now seeing cases attorneys "invested in" during COVID.
- **Increasingly well-funded plaintiff's bar:** Litigation funding has spread to many different types of suits, but it is an "asset class" for investors and one that must compete with other alternatives.
- **Trial Bar Sophistication with data/analytics:** *"The thing that's really – we see is new is during the pandemic, the trial attorneys and plaintiffs bar figured out how to use data and analytics and marketing to get more claimants. And so we're seeing more attorney representation."* **(Allstate)**
- **Changing Jury View of "Fairness":** *"Now there are exogenous forces…that are affecting these loss trends such as millennials on juries and litigation financing, which seems to be an increasing factor in terms of prolonging the life and the cost of claims."* (**Liberty Mutual)**
- **Rollback Of Tort Reforms:** State courts and / or legislative bodies have modified existing laws that had previously limited punitive damages, therefore encouraging "venue shopping".

2024 U.S. Industry Loss Reserve Mix By Estimated Inflation Type



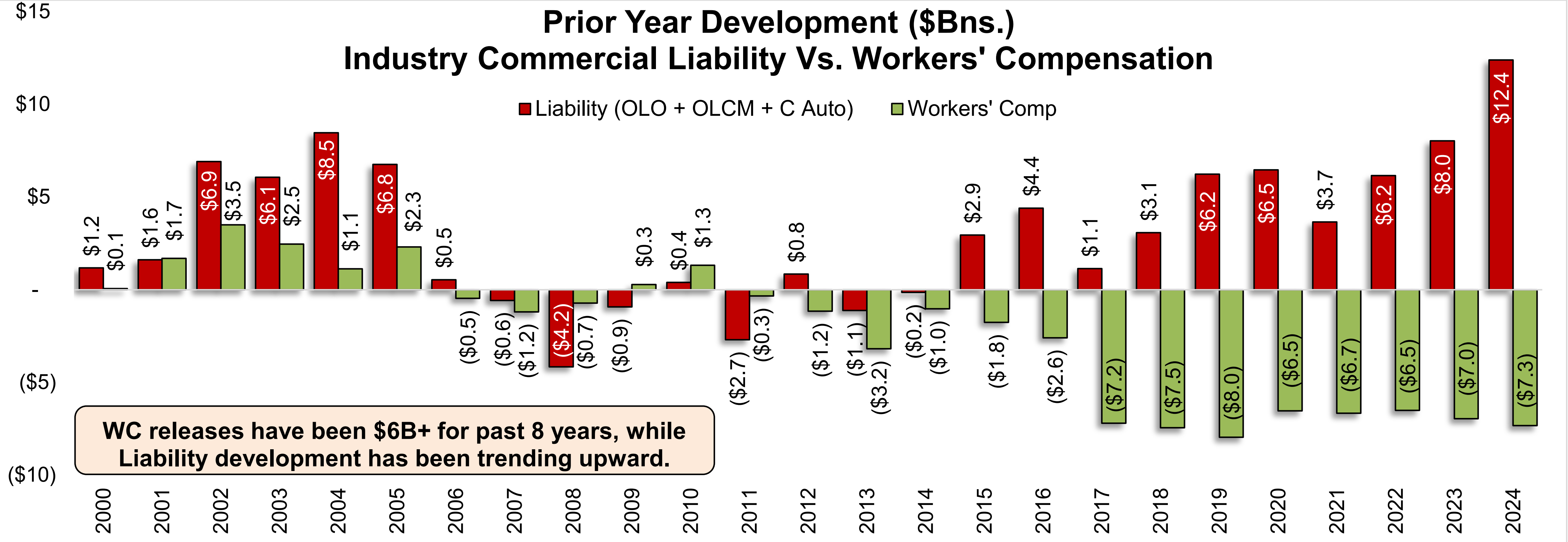
Source: Statutory Statements, D&P

"SOCIAL INFLATION" BY THE #S (PRE COVID = HAS ONLY WORSENED!)

- **Court Filings Per Capita +10%***
- **Plaintiff Monetary Win Rate From 53% To 64%**
- **Trial Awards Inflation Adjusted CAGR +7.6%**
- **Large Awards (> $5M) Increase From 5.5% to 12%**
- **Insurance BI Claim Severity ($/Claim) +2.7% Inflation Adjusted CAGR**
- *Frequency was a partial offset across all segments besides Commercial Auto BI*

*2012-2019 across 19 states with data, all other data from 2010 to 2019

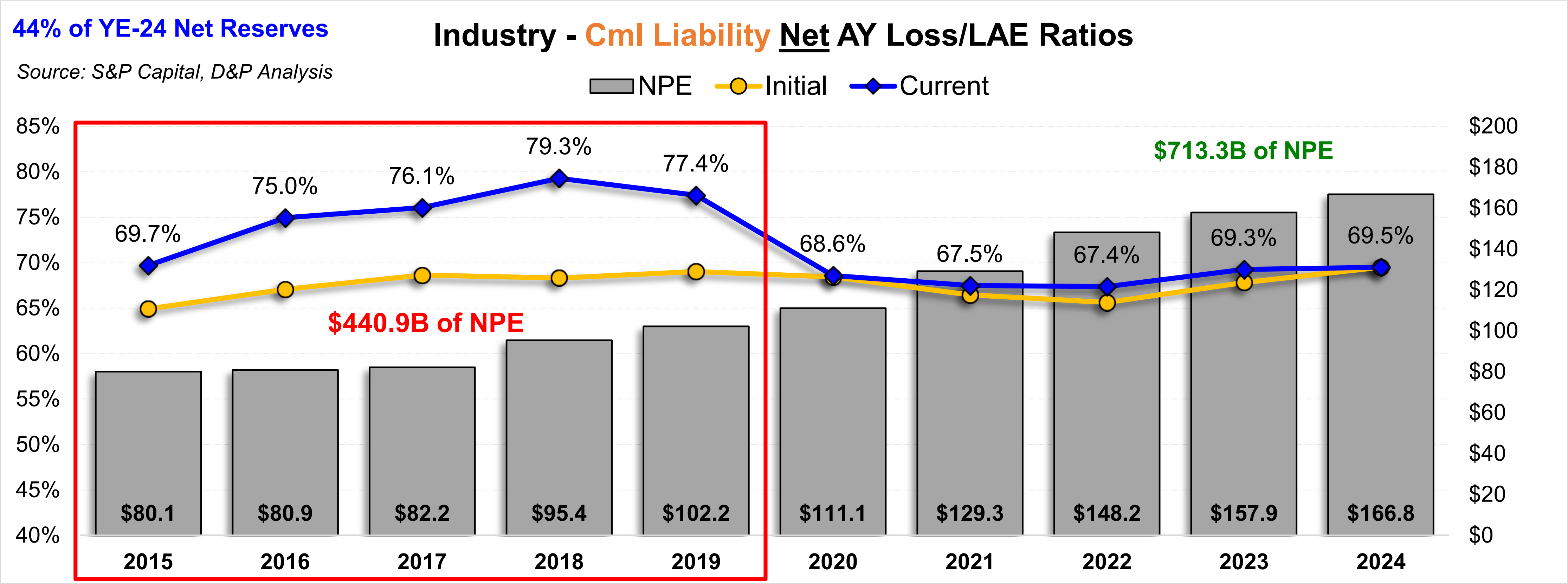
NET LOSS RESERVE DEVELOPMENT: WORKERS COMPENSATION HAS HIDDEN UNDERLYING "CASUALTY" ISSUES



Source: A.M. Best Industry (incl. State Funds & ex. Financial Guarantors)

NET LOSS RESERVE DEVELOPMENT: 2024 RESULTS HIGHLIGHT ADDITIONAL DRAG FROM SOCIAL INFLATION

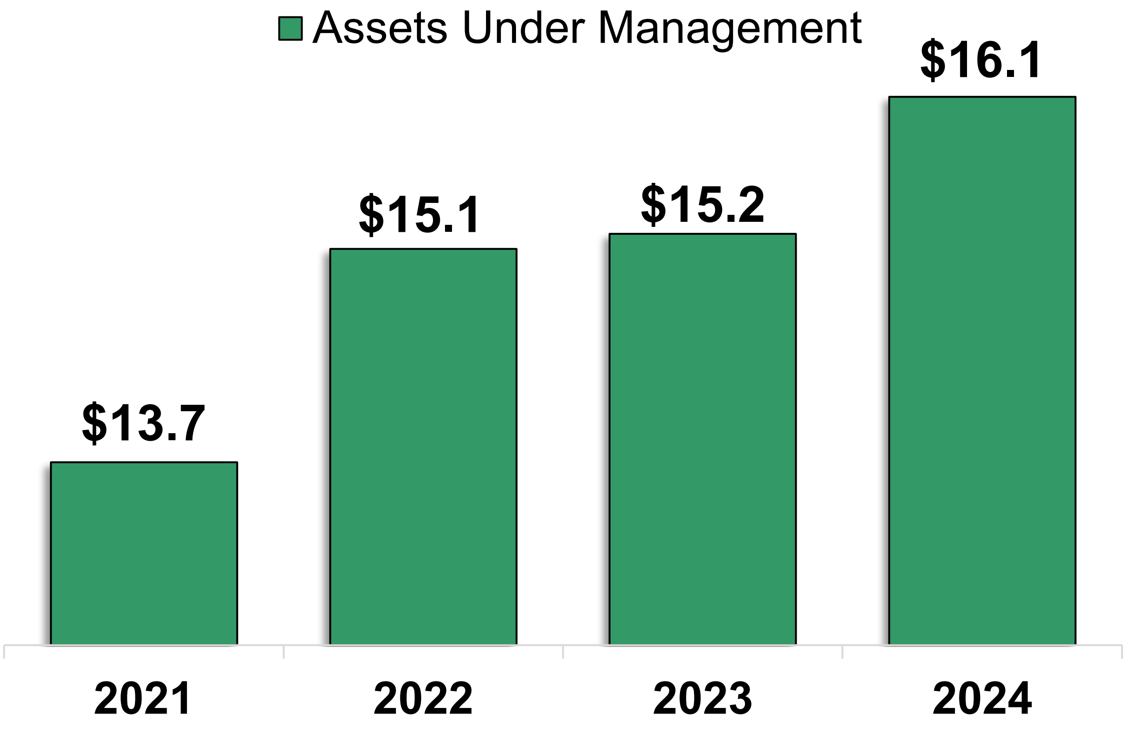
Will (Re)Insurers Strengthen Casualty Lines In The More Recent (Hard Market) Accident Years?



LITIGATION FINANCE GOES MAINSTREAM = FUNDING THE NEXT CASUALTY CAT FOR THE (RE)INSURANCE INDUSTRY?

Every Win → **$s To Lawyers $s To Investors** → **Fund Next Lawsuit**

U.S. Litigation Finance Industry ($,B)



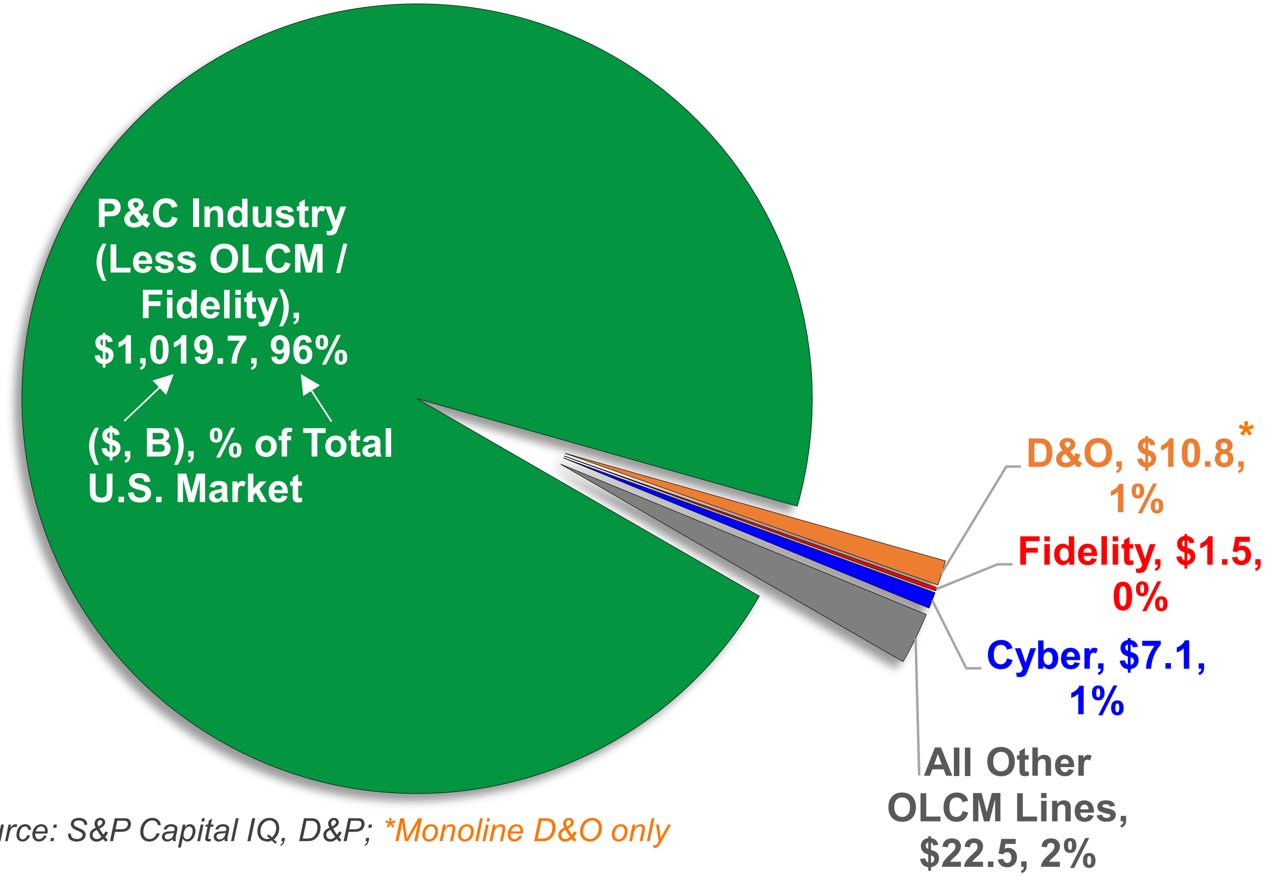
Source: Westfleet Capital

Were Managers To Be Successful …	
Litigation Finance AUM	$16
Pitched To Return (2-3x)	*2.5*
Litigation Finance Return	$40
1/2 of Contingency Fees To Investors	*50%*
Contingency Fees To Lawyers	$80
Contingency Fee To Award (40%)	40%
Theoretical Industry Exposure	**$200B+**

A DEEPER DIVE ON FINANCIAL LINES

TOTAL OLCM / FINANCIAL LINES ECLIPSE ~$42B IN 2024

2024 U.S. P&C DPW



*Source: S&P Capital IQ, D&P; *Monoline D&O only*

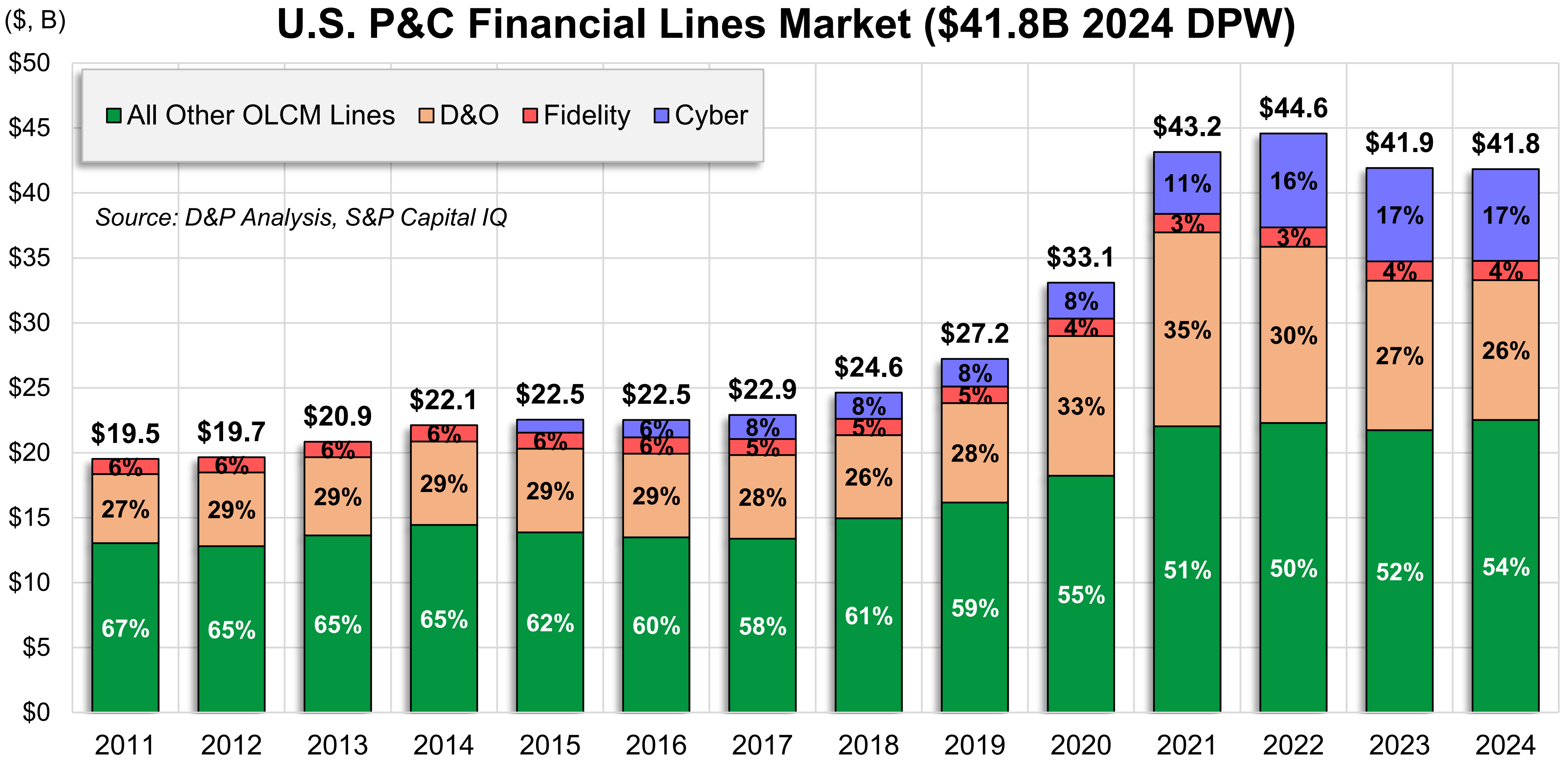
D&O: Financial protection for the directors and officers of a company if they are personally sued for alleged wrongful acts in managing the company. ~1% of the total U.S. P&C market.

Fidelity: Protects a business from losses caused by fraudulent or dishonest acts committed by employees or third parties. <1% of the total U.S. P&C market.

Cyber: Covers losses and liabilities arising from data breaches, cyberattacks, and other cyber incidents that affect IT systems and data. ~1% of the total U.S. P&C market (*Understated!*)

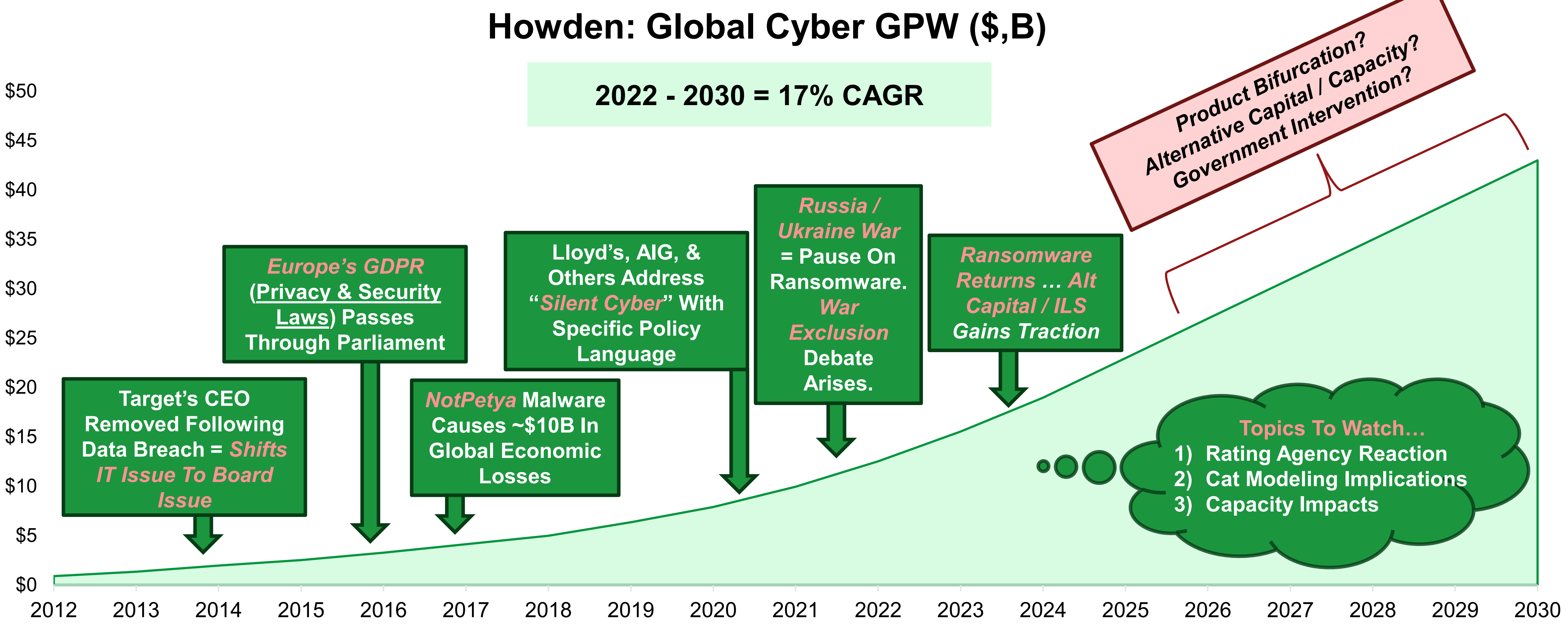
All Other OLCM: Other professional lines (i.e. E&O) + any other liability business written on a claims-made form. ~2% of the total U.S. P&C market.

TOTAL OLCM / FINANCIAL LINES ECLIPSE ~$42B IN 2024



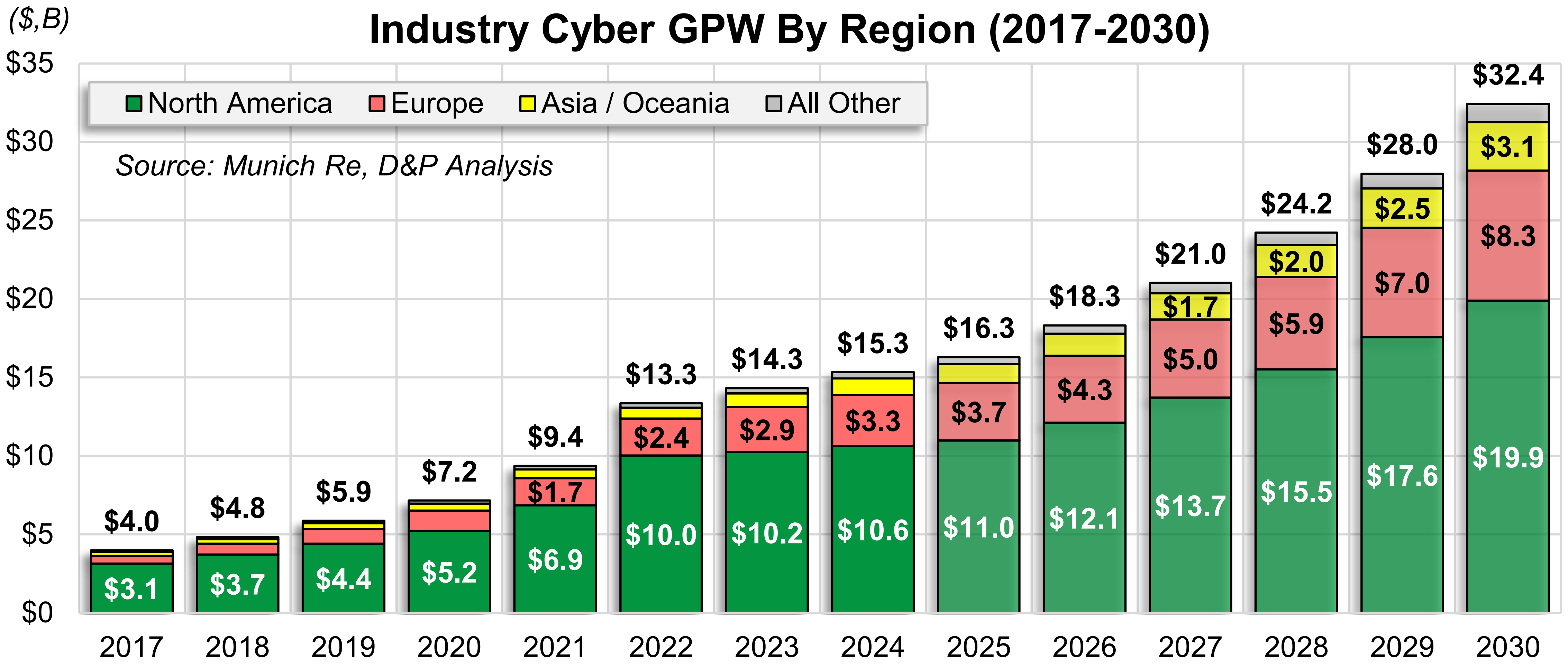
Cyber Remains Amongst The Most Dynamic / Evolving P&C Lines With Short(er) Cycles

GLOBAL CYBER GPW TO EXCEED $40B+ BY 2030…

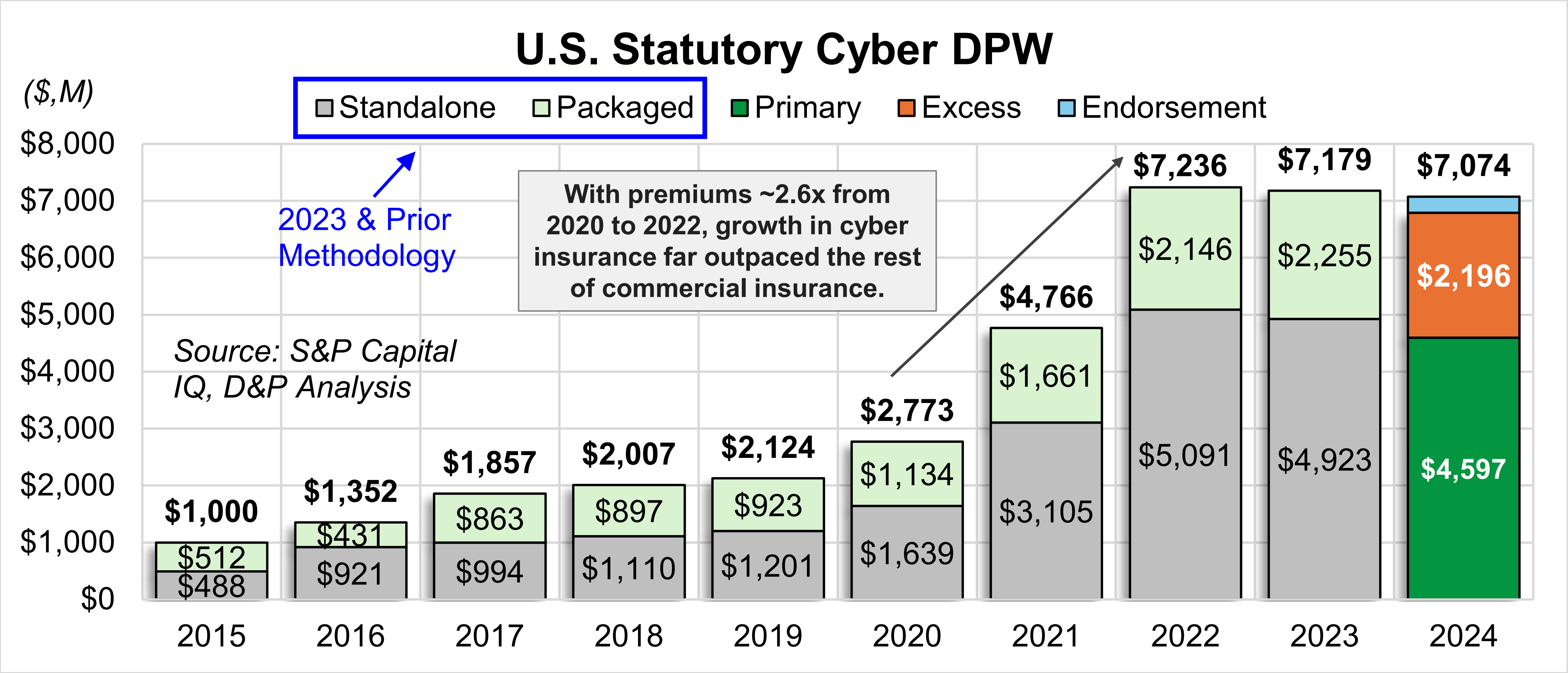


Source: Howden, D&P

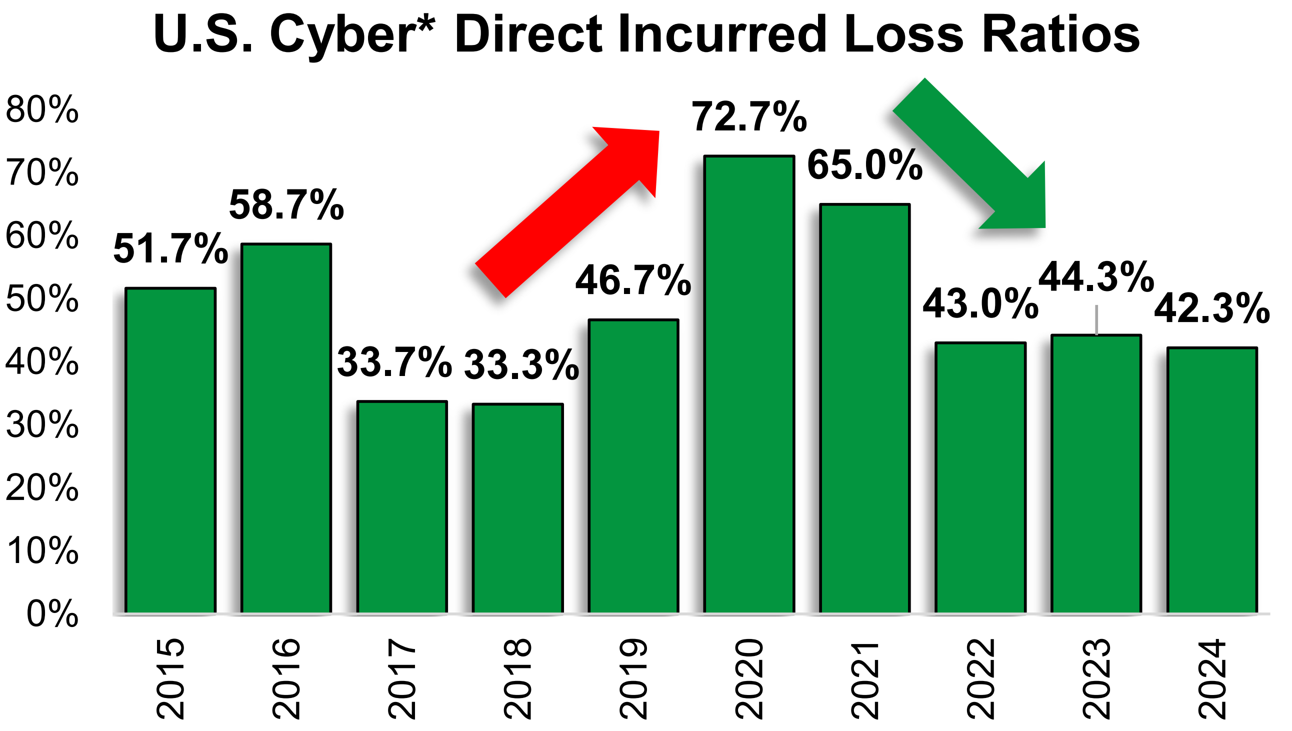
CYBER GROSS PREMIUMS WRITTEN (GPW) EXPECTED TO INCREASE ACROSS ALL REGIONS THROUGH 2030



FOLLOWING OUTSIZED GROWTH … U.S. CYBER MARKET STALLS AMIDST RATE SOFTENING



CYBER LOSS RATIOS BENEFITTING FROM SIGNIFICANT PRICE INCREASES / CHANGES TO T&C / CYBER HYGIENE



*Source: S&P Capital IQ, D&P Analysis; *Standalone-only for 2023 and prior*

What's Driving The Losses:

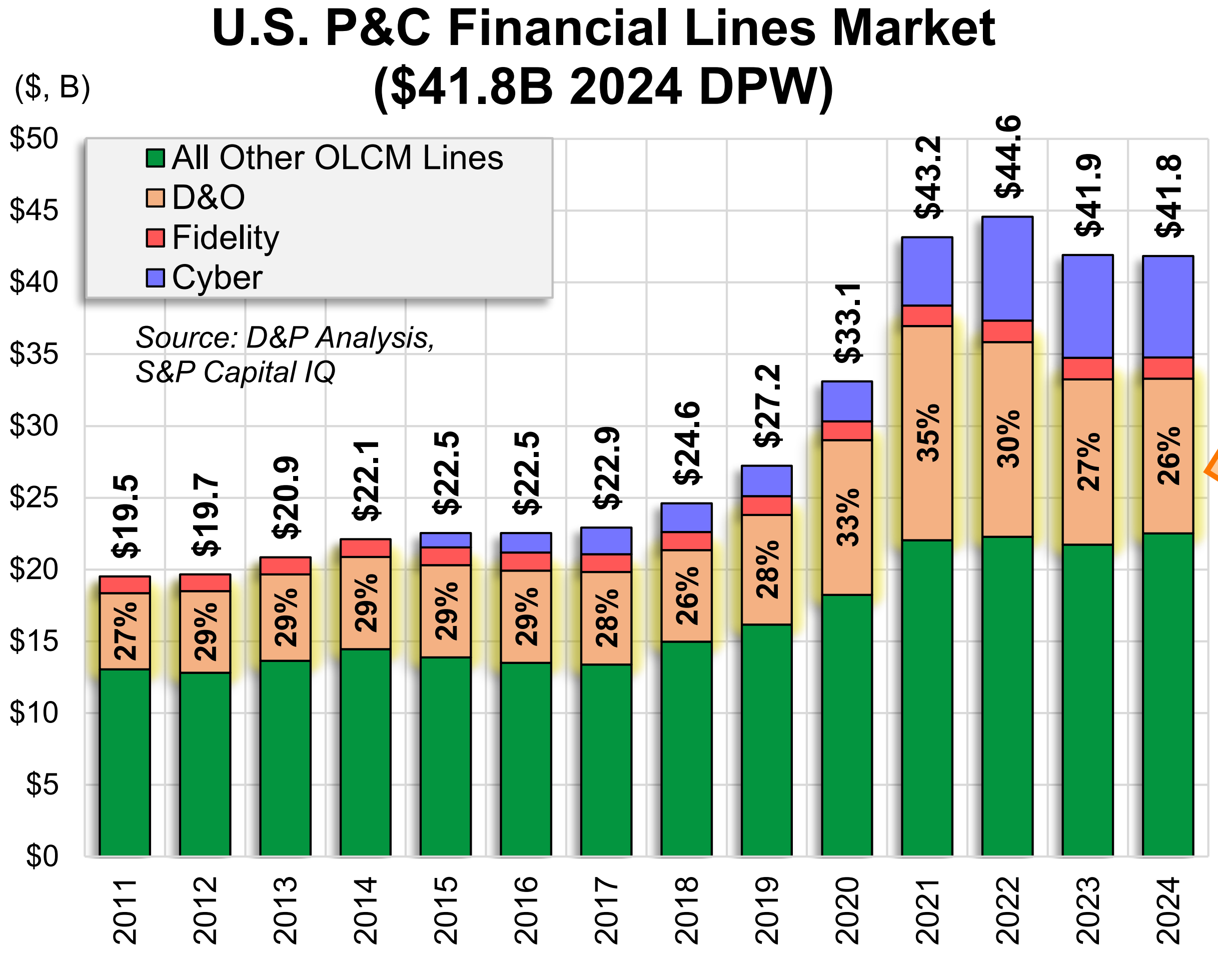
- ❑ **Ransomware: Frequency Elevated In 2020 – 2021, Followed By Tick Down In 2022 (Temporary Shift In Focus To Russia / Ukraine). Ransomware Has Returned (25% YOY Increase In Ransomware Frequency In 2024*). With That Said…**
- ❑ **Improved Cyber Hygiene = Making Impact**
- ❑ **CrowdStrike = Wake-Up Call, But Industry Avoided The "Big One".**
- ❑ **Modeling Issues…**
  - ❑ **Yet To See A True Cyber "Cat Loss" *A Classic "Known Unknown" …***
  - ❑ **Evolving Threat Actors & Landscape**
  - ❑ **Lack Of Historical / Shareable Data**

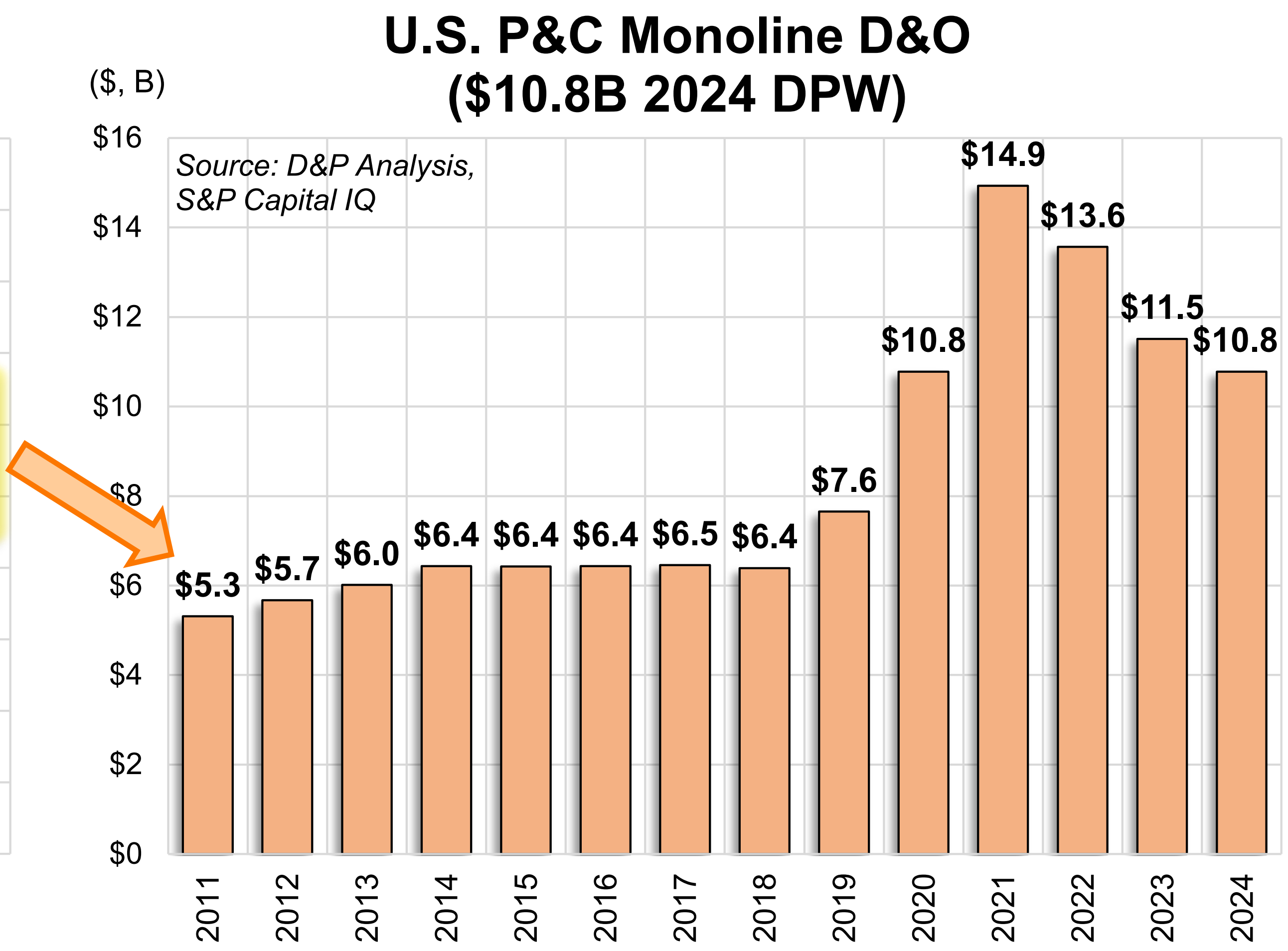
**Per Munich Re*

A DEEPER DIVE ON FINANCIAL LINES

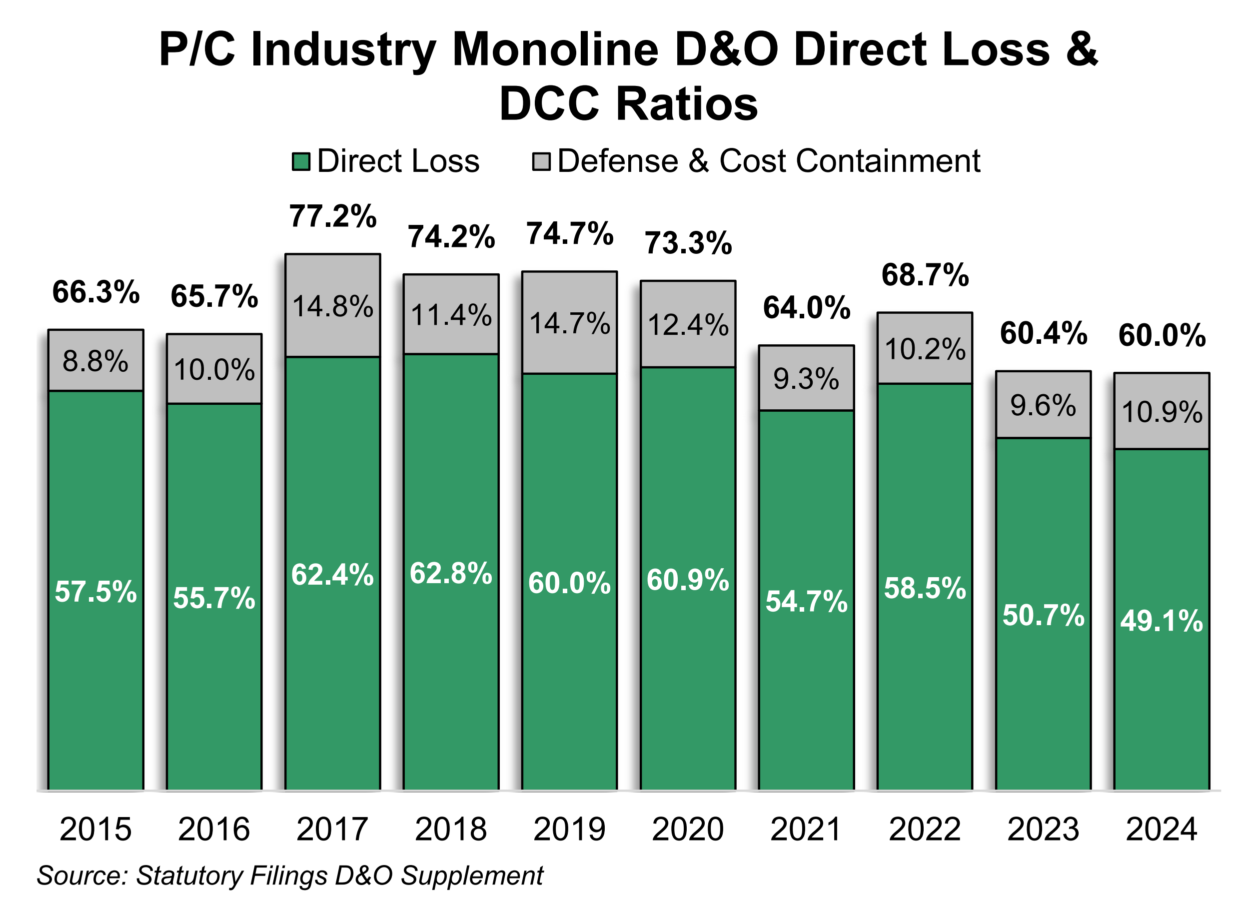
D&O Market Remains Competitive = Combination Of Rate Decreases + Exposure / Unit Decreases

MONOLINE D&O SHRINKS FROM PEAKS TO ~$11B OF DPW





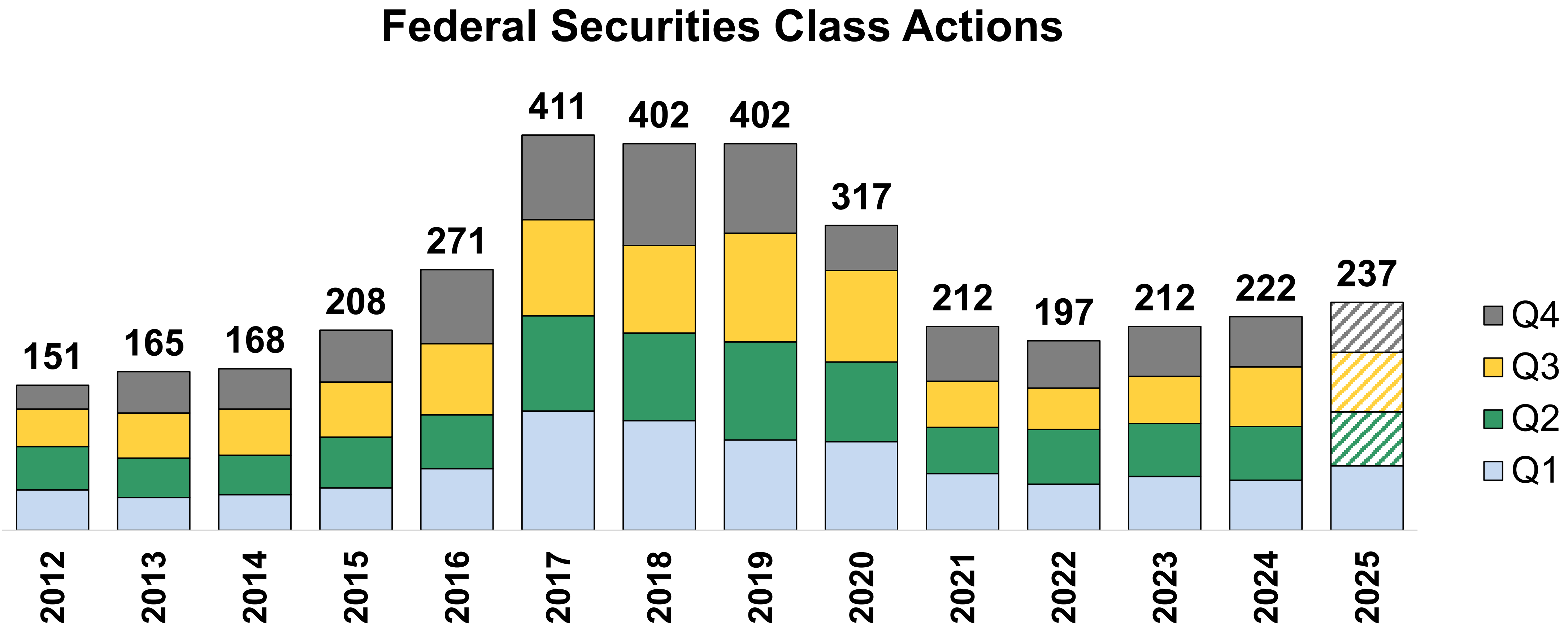
CALENDAR YEAR LOSS/LAE RATIOS IMPROVE, THOUGH RISKS REMAIN!



"Rationalizations for current prices, which include new capacity, rate adequacy, investment yields, and fewer class actions, are as unconvincing as ever. **Insurers are currently "fighting for flat." They are losing…** Although there is much talk of demonstrating discipline, most business stays put. Even if new capacity is pressuring prices, **nobody is stepping back.**

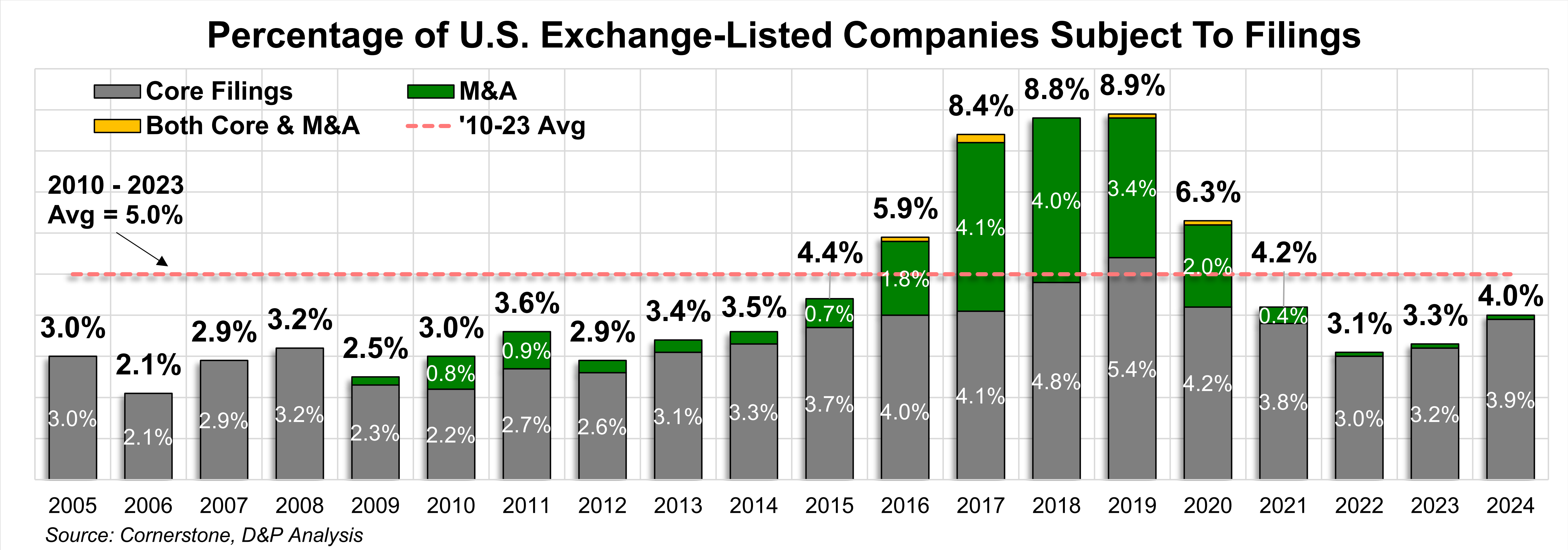
- **TransRe U.S. Public D&O Market Update**

SECURITIES CLASS ACTION ACTIVITY FALLS FROM PEAK LEVELS IN RECENT YEARS, THOUGH ACTIVE PLAINTIFFS' BAR AN ONGOING ISSUE



Source: Stanford Law School's Securities Class Action Clearinghouse

SECURITIES CLASS ACTION ACTIVITY FALLS FROM PEAK LEVELS IN RECENT YEARS, THOUGH ACTIVE PLAINTIFFS' BAR AN ONGOING ISSUE



Marsh

A business of Marsh McLennan