

MARSH

Shaping the next era of growth in insurance

What should CEOs prioritise as the cycle evolves?



Foreword

A new rhythm for the industry



Chris Lay
Chief Executive Officer,
Marsh UK and
Marsh Risk UK

Over the next five years, the insurance industry is likely to undergo more significant evolution than it has in the past two decades. We are at a moment of immense acceleration, moving from a hard market into a new rhythm, which will reward precision over pace, and insight over instinct.

Technology sits at the centre of this change and is reshaping the foundations of the sector. AI and advanced data capabilities are changing how the industry assesses and prices risk, serves clients and manages volatility. They will distinguish between those who simply

automate and those who genuinely transform to create a differentiated experience. The real differentiator, however, will be how we purposefully combine new intelligence with human judgement: building trust, making better decisions and getting closer to clients.

To explore the changing landscape and the influences prompting these market shifts, Marsh McLennan convened senior leaders from across the insurance ecosystem at its inaugural CEO Insurer Forum. The insights reflected what many of us recognise: insurance is a critical enabler of growth, resilience and innovation, yet its contribution is not always visible or well understood outside the sector. At a time of economic uncertainty, accelerating technology and increasingly

interconnected risks, its role has never been more important.

This paper brings together perspectives from across Marsh on the forces shaping the year ahead: the evolving property and casualty (re)insurance market cycle, capacity dynamics, the insurance M&A landscape, and workforce transformation. These themes will define the industry's trajectory and highlight the responsibility we all share in strengthening and amplifying its voice.

As part of our ongoing commitment to the market, this paper aims to shed light on insurance as a growth enabler and explore how leaders can navigate the next phase with clarity, confidence and purpose as we move into 2026.

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— Chris Lay

Property and Casualty: Precision, pace and the next phase of growth



The property and casualty (P&C) market is moving into a softer phase as capital supply continues to outpace demand. After seven to eight years of exceptional tailwinds (strong pricing, high valuations and abundant capacity), the industry is moving into the natural next stage of the cycle. Supply across both insurance and reinsurance is rising as carriers prioritise growth and deploy capital more actively, placing downward pressure on prices following the peak of 2023-2024.

However, this softening doesn't mean weakness. Returns remain healthy, supported by more substantial investment income and continued interest from alternative capital. For insurance carriers, who are buyers of reinsurance, this is an advantageous market. For reinsurance carriers as providers of underwriting capacity, it is a more competitive one, making strategic clarity and disciplined execution more important than ever.



Laurent Rousseau
CEO Europe, India,
Middle East & Africa, and
Global Capital Solutions,
Guy Carpenter

[laurent.rousseau@
guycarp.com](mailto:laurent.rousseau@guycarp.com)

Profitable growth rises to the top of the agenda

As pricing eases, sustainable and profitable growth becomes the defining priority. Capital is plentiful, and most carriers are in growth mode, expanding line sizes and deploying balance sheets rather than restricting capacity. Insurers and reinsurers are seeking expansion in two primary ways: expanding into high-growth regions such as India, China, the Asia Pacific and Latin America, where demand for protection is rising quickly, and leaning further into fast-developing risk classes, including cyber, geopolitical and natural catastrophe.

This creates a clearer split between leaders, who invest deeply in expertise and insight to originate and shape risk, and smart followers, who access risk efficiently by leaning on the knowledge infrastructure built by others. Both approaches work, but each requires a clear strategy, consistent investments and disciplined execution.

Distribution and technology are redrawing the map

Access to risk is becoming as important as appetite for risk. Technology is improving underwriting speed, enhancing data quality and enabling faster, more accurate decision-making. MGAs continue to grow through the acquisition of specialist knowledge. Digital platforms and marketplace-style models are creating faster, more consistent ways to trade.

Distribution is no longer a neutral channel; it is an engine of growth and competitive advantage, shaped by technology, partnerships and proximity to clients. Cost improvements from automation are structural, not cyclical, and the carriers that embed these capabilities will outperform across the cycle.

Inorganic growth set to accelerate

With organic growth becoming more selective, M&A is re-emerging as a critical lever. Soft markets have historically spurred consolidation, and early signals suggest that this cycle is no exception.

Carriers are pursuing acquisitions to gain scale, diversify their portfolios and strengthen their distribution capabilities. For some, M&A offers a transformational opportunity, and for others, it is an essential complement to more incremental organic expansion. But execution is becoming more complex than in previous cycles, increasing the need for focus and discipline.

What CEOs should focus on

1. Redefine profitable growth in a softer market

Strategies that delivered returns in a hard market will not deliver the same outcomes now. CEOs must reset expectations, refresh growth levers and ensure their organisations can adapt as pricing and capital cycles evolve.

2. Separate cyclical forces from structural change

Soft markets are cyclical, and pricing cycles fluctuate over time. Shifts in technology, distribution, cost ratios and the expansion of the risk universe are structural. The winners will be those who respond differently to each, avoiding short-term reactions that distract from long-term priorities.

3. Execute with disciplined precision

Whether growing organically, acquiring, or choosing a leader-or-follower market position, the differentiator will be consistent, disciplined delivery, across pricing, capital deployment, technology investments and distribution partnerships.

Navigating the capacity divide: How capacity is being redefined



Sourcing of insurance capacity is changing rapidly, presenting a significant opportunity. While capital supply remains strong, the more important change lies in how capacity is efficiently sourced, structured and matched to client demand. As geopolitical and climate risk become more volatile, carriers need to deploy capacity with greater clarity, precision and efficiency.



Tom Davies
Head of Placement,
Marsh UK

tom.davies@marsh.com



Three main sources of capacity

Capacity today sits in three clear areas:

1. **Lead markets** remain the anchor of the value chain. Understanding clients' risk and needs, they set terms, guide pricing, support complex claims and provide the judgement clients rely on. Lead underwriting will continue to be relationship-led and interpersonal, with digitisation enhancing the value.
2. **Fast follow** capacity has changed dramatically in the last five years as automatic capacity facilities were built to fill the capacity void in the hard market. With these enhancements, significant value is created for clients, and they are designed to be present throughout the cycles, providing stability. They offer

automatic participation behind the lead, providing diversified risk and exposure without requiring account-by-account underwriting. The key to these is the indexation, which ensures it tracks the overall portfolio. Insurer participation decisions are also moving upward, and are now typically struck at the C-suite level, reflecting a more strategic approach to diversification and growth.

3. **Traditional follow markets** are where the biggest transformation is underway. Manual, inefficient and fragmented placement gives way to digital follow, where appetite and capacity are matched automatically through data and algorithmic tools. As brokers and carriers remove cost and friction from the system, digital follow is emerging as an efficient solution.

From analogue to digital: A new way of trading

The shift from analogue placement to digital trading is reshaping how capacity flows through the market. Clear appetites, automated matching and portfolio visibility enable brokers to trade faster, more consistently, and with better data.

Lead underwriting will continue to demand deep expertise and judgement, but fast follow requires a more portfolio-driven approach, often governed at the C-suite level. Traditional analogue follow capacity will be replaced using digital capabilities to more efficiently procure capacity for clients.

As these models mature, London is well placed to strengthen its role as a natural hub for innovation, provided the market continues to invest in digital trading and modernised operating models.

What CEOs should focus on

1. Define your strategy across the three areas of capacity

Be clear where you want to play in lead, fast follow and digital follow. Growth will come from clarity of role, even if the balance differs for each carrier.

2. Strengthen portfolio-based deployment

Fast follow facilities are designed to track a brokers portfolio providing product and geographical diversification and can accelerate growth when done well. Invest in portfolio underwriting capabilities and the data and tools to support this.

3. Prepare for digital trading at scale

Ensure your teams have the systems, appetite and operating model needed to operate in a more automated, data-led environment. Future performance and growth will depend on how effectively you can deploy capacity..

The M&A landscape: Consolidation, convergence and competition for capabilities

M&A activity across the industry remains strong, but its shape is changing, and the landscape is no longer only about consolidation.

While carrier consolidation continues, deals are fewer and larger, and far more focused on strategic impact than incremental scale. Meanwhile, distribution remains the most active part of the market, with brokers and MGAs continuing to attract sustained interest from private equity.

At the same time, a new dynamic is emerging: convergence across the value chain, as brokers, MGAs and carriers become more integrated and move into each other's territory. This is creating new

competitive dynamics and accelerating the rise of vertically-aligned placement models. Therefore, the moves made now will likely shape competitive positions for the next few years to come.

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How consolidation is changing

Among carriers, the focus has shifted away from bolt-on acquisitions toward larger, more strategic moves. Some firms are making step-change plays to redefine their scale, while others are buying capabilities

they cannot build quickly enough or well enough themselves, whether technology, distribution or specialist expertise. Many are also reshaping their portfolios, divesting non-core units and doubling down on areas where they want to lead.

Private equity remains the driving force behind broker consolidation. In the UK, while there is still an active runway for consolidators, years of activity have thinned out the mid-tier platforms, prompting investors to look increasingly to continental Europe. At the same time, softening market conditions mean consolidators must now demonstrate strong, genuine and underlying organic growth (not deal-driven) to maintain valuations. For carriers, this may create an opportunity to influence terms and build more strategic partnerships as these dynamics reset.



Fady Khayatt
Partner, Insurance and
Asset Management,
Oliver Wyman UK

fady.khayatt@oliverwyman.com

At the same time, there has been increasing interest in MGAs from private equity. Once seen as less attractive than brokers due to their more direct exposure to underwriting results and their critical dependence on capacity providers, they are now viewed more positively, with distinctive intellectual property, specialist underwriting capabilities and privileged access to customers considered important barriers to entry.

Convergence across the value chain

A growing share of M&A is now crossing traditional boundaries and cutting across multiple parts of the insurance ecosystem, spanning retail broking, wholesale broking, MGAs, syndicates and capital provision. Large global brokers are now assembling capabilities that span front-end distribution, wholesale and specialty placement, MGA underwriting capability and in some cases, controlled

or aligned carrier capacity within the same organisation. This is occurring in both the US and UK markets, with examples including large brokers buying MGAs, wholesalers acquiring syndicates, global brokers acquiring both retail and wholesale businesses and integrated groups restructuring to make MGA and carrier operations distinct but coordinated. This trend is accelerating and expected to continue.

The result is a more integrated model of competition and could change how risks are placed: firms can source business, underwrite it and place capacity across one connected ecosystem. This offers speed and flexibility, but it also gives those groups more control over the placement journey, raising important questions for carriers partnering with distributors that may also be building their own underwriting and capacity platforms.

What CEOs should

focus on

1. Act early on scale and capability needs

Attractive targets are limited. Be clear where you need scale or new capabilities, whether digital, distribution or geographic, and act early. Competitive tension and rising valuations favour first movers.

2. Prepare for new competitive dynamics

As brokers, MGAs, and carriers assemble vertically integrated groups, carriers will need to rethink how they partner and differentiate themselves. Understand where these models help you and where they may compete with you — you may want to deepen relationships in some areas and consider alternatives elsewhere.

3. Anticipate how consolidation will reshape access to risk

Cross-value-chain deals could change how risk flows through the market: how facilities are structured, who controls placement and how distribution is reached. Ensure your M&A plans and distribution strategy stay closely aligned.

Workforce transformation: Building a future-ready workforce



Maura Jarvis
Workforce Transformation
Leader, Mercer UK
maura.jarvis@mercer.com

Talent, technology and transformation are converging. AI is accelerating across every industry, and insurers face the same pressure as all businesses to become more agile, efficient and productive. Rather than trying to do more with less, forward-thinking leaders are focused on doing more with the same.

AI can remove repetitive work, increase accuracy and create capacity, but most organisations have not yet seen the return on investment they expected. The barrier is rarely the technology itself, but rather a lack of a clear strategy, the mindset shift required and the organisational change needed to support it. Within insurance, this gap is amplified by hiring tendencies that often remain anchored in legacy roles (many of which are highly automatable) rather than recruiting for the skills needed for modernisation, agility, digitisation and growth.





Why AI alone does not deliver

Often, firms treat AI as a “plug and play” solution, expecting instant transformation, but what usually follows is rising costs and limited impact. The missing piece here is a clear view of the desired outcome and redesign of the work itself.

Start with the business outcomes you want to achieve, then determine which tasks are best suited for technology, which require human judgement and where human-machine collaboration creates the most value. Without viewing work through this lens, AI simply layers onto old, insufficient processes rather than genuinely driving performance.

Another challenge is the narrow talent pool faced by the sector. People frequently move between insurers rather than coming from different sectors, which means firms often miss out on fresh thinking and innovation and risk slowing digital adoption. And because many existing roles rely on skills most at risk of automation, firms will face higher reskilling costs later down the line unless they shift their focus now.

This challenge is even more acute with early-career talent, as many young people simply do not see insurance as an innovative industry, making attraction harder. Overlay this with the fact that many traditional entry-level roles (once the gateway into the industry) have already been automated, removing pathways for compelling career growth, there is a clear need for organisations to hire for skills of the future (not the skills of 2002, but of 2030), and to design career pathways and work in a way that gives people a clear route to develop.

A new workforce strategy

Building a future-ready workforce with the right people, in the right roles, at the right time, requires a clear strategy grounded in three steps:

1. Define where the business is heading and the skills needed to deliver that ambition over the next three to five years, identifying which roles are “sunset” (declining) and which are “sunrise” (growing).
2. Understand the gap between the skills you have and the skills you need, using tools and data to make this manageable at scale.
3. Develop a plan to close the gap through upskilling, reskilling, automation, new talent models or a mix of all of these.

The pace of technological change means organisations must have an ongoing cycle of planning, deployment, review and iteration, rather than treating this as a one-off project. Technology can help (especially with skills taxonomies and scaling insight), but success also depends on where you begin.

Pilots work best when they solve a real business problem or when they’re driven by leaders open to new ways of working. Early wins help build momentum and support wider adoption. For example, in one large financial services organisation, reskilling employees in sunset roles into future-focused positions was £49,000 cheaper per person than redundancy and external hiring, showing that reskilling is a driver of productivity and growth, not a cost centre.

Responsible AI adoption

Responsible AI encompasses not only ethics in a narrow sense, but also broader considerations. It is about making decisions that protect a business’s long-term capabilities. Just because work can be automated doesn’t mean it should be.

Early-career roles are a good example. If junior work is fully automated, firms risk losing their future talent pipeline, especially in the insurance industry, where automation has already reduced many early-career entry points.

Responsible adoption also means equipping people with digital skills for life, not just skills for specific roles. Diversity, equity and inclusion must also be protected, as poorly designed AI adoption can unintentionally impact underrepresented groups.

The urgency is real. According to the World Economic Forum’s Future of Jobs report 2025, 63% of employers identified a lack of talent and skills as their most significant barrier to achieving their strategy. At the same time, many of the people insurers attract today possess highly transferable skills and can easily transition into other industries, thereby increasing competition for the very talent required to modernise. The longer firms wait to redesign work and build such future capabilities, the further this gap will widen.

What CEOs should focus on

1. Start with the work, and build a clear skills strategy

Reimagine how work is delivered. Be explicit about the outcomes you want, the skills you have, and the plan to close the gap through reskilling, upskilling, automation and new talent models. .

2. Pilot where impact is greatest and move from intention to action

Begin in areas with concrete business problems or with leaders ready to adopt new ways of working. Insurance is lagging behind other industries in terms of skills and digital enablement. Further delay will widen the gap.

3. Invest in responsible, inclusive adoption of AI

Equip people with essential digital skills, protect early-career routes, and ensure AI does not undermine progress on diversity and inclusion. Treat workforce transformation as a continuous capability, not a one-off programme.

In summary:

Key learnings for CEOs

The CEO Insurer Forum surfaced five clear priorities for the year ahead. Together, these themes reflect how much the industry is changing and what leaders must focus on as the cycle resets:

1

Discipline and portfolio thinking will define performance

As the market softens, discipline will matter more than speed. The carriers that combine sharper underwriting with better use of data, portfolio-level insight and a clear view of what's structural versus what's just noise in the cycle will be the ones that hold their advantage.

2

Capacity is shifting, and strategy must shift with it

Lead, fast follow and emerging digital follow models each demand different capabilities, operating models and technology. The gains will now come from better portfolio visibility, clearer appetite signals and more automated placement, rather than traditional account-by-account trading.

3

Consolidation is now about capability, not just scale

The most valuable deals now focus on gaining new capabilities, such as technology, distribution reach, specialty expertise, or integrating across the value chain. As brokers, MGAs, wholesalers and capacity vehicles continue to converge, carriers will need to prepare for competitors that control a greater portion of the placement journey. Scale alone won't be enough; capability will be the differentiator.

4

People remain the engine of transformation

Talent and skills gaps, as well as legacy hiring patterns, continue to hold the industry back. Winning organisations will break away from recruiting legacy skills, redesign work around clear outcomes, and build the capabilities needed to support AI, digital trading and new placement models. Technology can accelerate change, but people still hold the power to make it land.

5

Reinvention must be continuous

The next era will be shaped by organisations that iterate quickly: modernising how they underwrite, deploy capacity and build skills. The ability to adjust at pace, rather than just plan for change, will define the next era of the insurance industry.

Conclusion:

Connecting capital, capacity and capability

In the next phase of insurance, advantage will come from integration: how well organisations connect technology, capital, capacity and the strengths of their people in a way that supports faster, better decisions. The discussions at the CEO Insurer Forum suggested the industry is approaching an inflection point, where these connections are becoming central to how firms grow, compete and create value.

The themes explored at the forum — digital follow, value-chain integration, new MGA models and the reinvention of work — each matter on their own, but their impact is much greater when they reinforce each other. When this happens, the whole system becomes faster, more resilient and better positioned for growth.

"As market cycles shift and new ways of operating emerge and mature, leaders will need to focus on helping their people to build new skills, rethink how capacity is deployed and create organisations that can adapt quickly."

What's clear is that AI and analytics will continue to raise expectations around underwriting and capital deployment. But the skills that sit at the heart of insurance — judgement, curiosity, insight, negotiation and the ability to build trust — will remain paramount. The organisations that thrive will be those that use technology to elevate human expertise, not replace it.

But looking ahead, the sector is entering a period of strong opportunity, which will require sharper execution, new partnership models and sustained investment in talent and technology. As market cycles shift and new ways of operating emerge and mature, leaders will need to focus on helping their people to build new skills, rethink how capacity is deployed and create organisations

that can adapt quickly. Those who bring their people, capital and organisational strengths together with clarity and confidence will be the ones who stay ahead and help define the next era of the industry.

Thank you to all who contributed their insights. We hope the ideas shared here continue to spark conversation, strengthen partnerships and support a shared ambition to shape the future of the insurance industry together.

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