

Press release

Global property and casualty insurance market has increased efficiency, capacity and resilience, finds Swiss Re Institute

- **P&C premiums projected to grow in line with global GDP over the next decade, driven by rising natural catastrophe losses and asset accumulation, economic and litigation claims inflation pressures**
- **Maturing of the market characterised by entry of smaller players, outsourcing of underwriting and new ways of risk transfer**
- **Strong reinsurers and alternative risk solutions, such as captives and risk pools, enhance capacity, affordability and insurability for harder-to-cover risks**

Monte Carlo, 6 September 2025 – The global P&C insurance market has doubled in size over the past 20 years to USD 2.4 trillion. Two decades of innovation resulted in broader access to coverage through a blend of conventional and alternative structures than 20 years ago, according to Swiss Re Institute's latest *sigma* report. A growing number of smaller, specialised players drive efficiency gains, while robust reinsurers and alternative risk solutions help improve capacity in view of a riskier world.

Jérôme Jean Haegeli, Swiss Re's Global Chief Economist, says: "The rapid expansion of the P&C market is not only about scale, but also about greater capability and resilience. Insurers have become more efficient at pricing, managing and transforming risk, supporting capacity even in times of heightened uncertainty. At the same time, insurers are passing on a larger share of the risk to reinsurers. This is a recognition of the demand for risk transfer and a trend that is set to continue given the risk landscape. A key pillar for reinsurers to fulfil their indispensable role as a shock absorber is a strong capital base. Robust reinsurance and alternative risk solutions are further broadening capacity and helping keep protection accessible and affordable in an increasingly uncertain world."

According to Swiss Re Institute, global P&C premiums are projected to grow broadly in line with GDP over the next 10 years, with total premiums set to almost double by 2040. At the same time, market concentration is easing as competition increases.

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Specialisation and outsourced underwriting unlock efficiency

A key driver of unlocking efficiency is the continuing disaggregation of the industry's value chain. Brokers and Managing General Agents are taking on a greater role in distribution and underwriting, allowing insurers to tap into specialist skills and scale.

At the same time, the market is increasingly complementing traditional insurance with alternative risk solutions to keep pace with rising exposures, especially in catastrophe-prone regions. Captive insurers now represent an estimated USD 60 to USD 80 billion in global premiums, enabling corporates to self-insure higher-frequency risks while leveraging reinsurance capacity for peak exposures.

Public, private or public-private insurance pools and residual market mechanisms, such as FAIR (Fair Access to Insurance Requirements) and wind pools in the US, are playing a growing role in sustaining availability where volatility or loss experience would otherwise constrain supply.

Gianfranco Lot, Swiss Re's Chief Underwriting Officer P&C Reinsurance, says: "The growth of the P&C insurance market is testament to its ability to navigate a complex risk landscape. Looking ahead, the adoption of AI in underwriting could steer the industry towards data-rich global insurers versus nimbler specialists. This shift is accompanied by a structural trend of transferring more risk to reinsurers, who remain a pillar of stability and an enabler of transformation."

New dependencies on capital markets and investor sentiment

With more risk moving up the value chain, reinsurance premiums grew at around 7% CAGR (compound annual growth rate) over the past decade compared to 4.2% for primary P&C. This layered architecture of risk transfer – from capital-light originators to reinsurers to alternative-capital-backed retrocession – has enhanced capital efficiency and market resilience but also introduced new dependencies on capital markets and investor sentiment.

Risk modeling, across domains such as natural catastrophes, motor, liability and cyber, is a key driver of making the disaggregated model work. Advances in risk modeling facilitate the valuation, packaging and wholesale transfer of risk from capital-light originators to full-stack insurers and reinsurers. The growth and consolidation of wholesale brokers complement this trend.

Whether the recent growth of smaller players proves a lasting shift or a cyclical effect of hard markets will depend on pricing conditions, wholesale appetite and regulatory tolerance for capital-light models.

Regional dynamics in advanced and emerging markets

In advanced markets, both personal and commercial P&C premiums almost doubled in the two decades to 2024. Property outpaced every other sub-line as exposures grew faster than GDP and mandatory natural catastrophe schemes proliferated, yet cat bond and reinsurance inflows

prevented capacity crunches. Since 2019, commercial liability lines have shifted from low-single-digit growth to high-single-digit CAGRs. Its rapid expansion in the US due to litigation inflation remains a key claims and demand driver.

On the personal side, property and niche products offset a long-term declining motor share, reflecting the steeper claims trend for property losses. Swiss Re Institute expects these mega trends to continue with both property and liability lines expanding at roughly the same pace.

In emerging markets, the global split between commercial (46%) and personal (54%) lines is expected to hold, with commercial growth driven by expanding corporate exposures and personal lines supported by motor-penetration catch-up in emerging markets. Emerging markets already account for 20% of the world's P&C premium, unchanged since 2014. Rising technical capabilities mean that this share can climb beyond today's 20% according to the *sigma* report.

How to order this *sigma* study:

Please note that going forward you will find all research from Swiss Re Institute under one roof – in the new *sigma* explorer. To gain free access to Swiss Re Institute's macroeconomic and insurance market data, forecasts and research publications, please register at sigma_explorer@swissre.com.

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