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# Insolvency protection structured solution gaining traction in India

Structured solutions, such as insolvency protection which looks at losses rather than solvency, have gained popularity in countries like India. According to experts in the SIRC, the potential is interesting for insurers, as insurance companies traditionally look at profits.

By Sarah Si

Alternative risk transfer solutions, much like parametric solutions, were described in a panel session, titled 'Leveraging Alternative Risk Transfer to Build Resilience', as "something that is less complicated, because it there is a clear trigger that can be communicated, and it pays out fast".

"And when the payouts are received, when and how they were structured and communicated, builds trust in the system," said Allianz Risk Consulting Head of Resilience and Business Development Dr Lena Fuldauer.

Dr Fuldauer also noted that events such as hurricanes, floods and drought, which may not be covered by the insurance industry, can be protected with parametric solutions.

For instance, according to Gallagher Re Head of International Customised Solutions Stefan Speer, "traditional reinsurance works in severe events, but with small accumulations".

## Parametrics in agriculture

SCOR P&C CUO – Alternative Solutions Eric Le Mercier, said in the same discussion that parametric solutions fit well with agriculture, as they cover known perils the segment faces, such as the aforementioned events, as well as rainfall and temperature.

"Variables are easy to identify, measure and quantify. But parametric products are unknown to agriculture and farmers," said Mr Le Mercier.

## Structured solutions

He also spoke of structured solutions, such as the multi-year excess-of-loss line, which helps insurers manage risk retention.

"They have always faced risk retention; insurance companies are just more aware," he said.

Additionally, over the past few years, many firms have begun looking at "making their P&L more sustainable", he added.

"And what disturbs P&L is the risk retention. If risk retention becomes volatile, they may have a new issue," he said.

"Structural reinsurance is about helping insurance companies to mitigate that volatility within the P&L."

## India

According to Mr Le Mercier, insolvency protection has gained popularity in India, where the focus is on losses instead of solvency.

"The potential is very interesting for insurance companies," he said, noting that traditionally, insurers look at profits.

"In India, it has become popular to — in order to compare it to capital relief they can potentially get — look at premiums, losses and cost effectiveness," Mr Le Mercier said.

"In response, as an industry, we



L to R: Mr Kaspar Müller, Dr Lena Fuldauer, Mr Stefan Speer, Mr Eric Le Mercier and Mr Benedikt Signer

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provide the potential by adding, for example, a profit commission."

In this case, he explained that the profit ceded in a reinsurance contract is cut, and translates into a higher margin earned by a reinsurer.

"So, if an insurer makes good profit, what has been ceded is limited to the reinsurance margin, and that margin can be compared to the capital," Mr Le Mercier said.

"And if the reinsurance margin is well contained, then the cost of the capital relief becomes competitive with other sources of capital."

KEYNOTE

# Parametrics can protect the most vulnerable in society

With heatwaves increasing around the world, the most vulnerable communities are the ones most affected by these chronic events, as their small financial buffers mean they are forced to make a choice between income and health. Parametric solutions give policyholders a choice, as coverage may be dependent on the number of predefined heat days.

By Sarah Si

Secondary perils were behind up to 92% of the global Nat CAT burden in 2026, said Swiss Re CUO, P&C Reinsurance Gianfranco Lot.

Speaking on the third day of the SIRC, he also noted that secondary perils such as wildfires, floods and hailstorms were "more difficult to model and predict".

"But it is clearly an area where we see an increase in underlying risk," he said.

## Are estimates correct?

Citing figures from the Swiss Re Institute, he showed that estimates for insured losses from earthquakes in 2023 were $4bn. But reported insured losses were $6bn.

The difference was even starker for hailstorms in 2023, where estimated insured losses were pegged at $6bn, as compared to reported insured losses of $13bn.

"Initial estimates were all below the final figures," Mr Lot said.

"So, the questions are, are we underestimating vulnerability or inflation? Or are we underestimating the severity of the hailstorms?"

## Heat

He also called heatwaves and heat "very pervasive", because of their gradual nature. Mr Lot also emphasised the impact on critical infrastructure.

Using France and Switzerland as examples, he noted that the two countries were forced to switch off their power plants "because the cooling systems were not working anymore".

He also pointed out that the two train crashes in Spain could be attributed to either human error or deformation of infrastructure.

"The average temperature worldwide has increased by 1.4 degrees Celsius. In Switzerland, it is 2.8 degrees Celsius," he said.

"As you move up from the equator, the difference in the temperature increases is more significant."

## Impact on the vulnerable

In a panel session, titled 'Leveraging Alternative Risk Transfer to Build Resilience', Allianz Risk Consulting, Head of Resilience and Business Development, Dr Lena Fuldauer, also pointed out that the most vulnerable communities were the ones that were the most affected by chronic and frequent events.

"In India, many women face the choice of having to protect their income and going to work even in the face of extreme heat of 45 degrees Celsius to 50 degrees Celsius, or protecting their health," Dr Fuldauer said.

"When they have very little financial buffer, even a small event can create a huge economic impact."

## Industry response

In response, the (re)insurance industry is providing coverage for heat-related stresses, Mr Lot stressed, both in agriculture and property.

For example, (re)insurers collaborate with municipalities to provide parametric cover that pays out based on the number of predefined heat days, which is predefined.

Dr Fuldauer also noted that parametric insurance solutions give women in India the choice of staying at home and reducing the risk of having a heat stroke, or protecting their income.



Mr Gianfranco Lot

## Other new risks

In his opening remarks, Mr Lot also touched on self-driving cars, noting that the first autonomous vehicles (AVs) hit Singapore's roads in 2020.

He said, "This is clearly a trend that will continue, but raises questions like 'How will we insure these types of cars?', 'Who is responsible for accidents if they occur?' and 'Who is responsible for algorithm failures?'"

Despite these risks, he noted the investment levels in robotics, saying, "We should embrace it as an industry."

Lastly, Mr Lot touched on space, noting discussions around building data centres in space and the challenges and opportunities these hold for insurers.

In closing, he said, "The conference theme is 'Capacity to Capability'. We need your capabilities to assess, embrace and understand risk in a way that we can cover it, and in a way that it is a sustainable offering as opposed to a 'one-shot and one-off' model."

# Flash floods aftermath: Nepal seeks climate compensation

By Anoop Khanna

The devastating flash floods in Nepal on 26 August 2026 ravaged the Raswuwa, Nuwakot, and Dhading districts and took a toll of more than a thousand people, more are still missing. The flash floods in their wake left a trail of destruction across the country, damaging hydropower plants, roads, bridges and other infrastructure.

According to media reports around 13 operational and under construction hydropower projects across two districts were damaged. Hydropower accounts for more than 90% of Nepal's roughly 4,300 MW generation capacity, making the damage particularly significant.

## Devastating losses

According to a recent report by World Bank, it estimates that the 26 August flash floods caused $1.66bn in direct physical damage, with infrastructure accounting for 83%. Damages to residential buildings at $185m (11%) and non-residential buildings at $101m (6%).

The Nepal government in its preliminary Rapid Damage and Needs Assessment (RDNA), had put the damage at $1.81bn. The RDNA report additionally estimates $883.32m in losses beyond physical assets, bringing total disaster effects to approximately $2.7bn.

The World Bank said the traditional principle of "Build Back Better" remained relevant, but the August 2026 floods suggested that the challenge was broader. Recovery, therefore, needs to go beyond restoring what existed before.

The aim should be not only to recover from the disaster but also to use the recovery process to reduce the consequences of future disasters, according to the World Bank.

## Nepal seeks compensation

Nepal had asked the UN Loss-and-Damage Fund on 1 September 2026 for a financial compensation of $20m. The Fund allows a maximum of $20m as financial compensation for any one country for a single CAT event. However, in case of Nepal, this would be just around 0.5% of the total economic losses and physical damages due to the flash floods.

Nepal has, however, not received even this amount as yet. The board of the Fund in its extraordinary online meeting on 22 October 2026 only unanimously agreed to set aside $20m to help Nepal recover from the devastating August 2026 floods and ice-rock avalanche.

Nepal's disaster management authority estimated about $2.7bn in physical damage and economic losses from the floods. Another $5bn are estimated to be incurred in recovery and reconstruction costs.

The insured losses are expected to be modest relative to economic losses primarily because insurance penetration in Nepal remains among the lowest in Asia. This makes the problem even more acute.

## Major emitters should pay

Nepal has also made a demand that financial compensation for such catastrophic events should come from the world's biggest emitters of greenhouse gases. Nepal's political leadership has said that countries like China and the US have made "extremely large" contributions to climate change and left smaller nations "enduring the price of it." Nepal has also raised the issue explicitly on international platforms.

According to media reports developing nations including Nepal are expected to press wealthier, high-emitting countries for more funding to cover climate-related losses and damage at the United Nations' annual climate summit in November this year. The UN Climate Change Conference (COP31) will take place in Turkiye from 9 November to 20 November 2026.

## Will they pay?

A Bloomberg report has said there is no legal mechanism to make countries pay compensation. When the loss and damage fund was formally launched, the UN documents were carefully crafted to shield developed countries from liability or admissions of guilt, while trying to help cut risks for the most vulnerable.

A landmark advisory opinion by the International Court of Justice (ICJ) in July 2025 stated that countries have a duty to protect the world from climate harms and that failure to do so could violate international law. In an analysis of the ICJ's opinion, the Heinrich Böll Foundation said the court makes clear that loss and damage funding is "a legal requirement" rather than discretionary.

The unanimous advisory opinion delivered by the ICJ in July 2025 largely rejects the arguments put by major emitters of greenhouse gases (historical and current).

The 15 judges adopted an expansive interpretation of states' obligations. Despite being non-legally binding, the advisory opinion has significant implications for national climate policies and international climate negotiations. It also opens new pathways for international and domestic litigation against governments.



# Retrospective solutions unlock capital, but Asia slow to adopt

Retrospective reinsurance is still too often read as a sign of trouble. Panellists at the Insurance and Reinsurance Legacy Association sponsored session on Day 3 of SIRC argued that this view is outdated, and that the market's growth in Asia depends on changing it.

By Ahmad Zaki

Gallagher Re CEO APAC Roshan Pereira framed retrospective cover as a way of unlocking capital rather than a substitute for equity or debt. "It's not capital in the traditional sense, but it's about unlocking that capital," he said. Under the risk-based regimes common across Asia, claim liabilities are typically the largest component of required capital, so removing some of them lifts the coverage ratio. Equity, he noted, is "the most permanent form of capital" but expensive, debt is cheapest but semi-permanent, and reinsurance sits between the two.

Swiss Re Head of P&C Structured Solutions APAC Alison Drill noted that speed was an important factor in decision-making. A loss portfolio transfer delivers "almost a day one capital benefit and then tails off," unlike a quota share, where relief can build slowly. That makes it well suited to insurers under capital stress. It can also be placed on specific, capital-intensive reserves without the process of a debt or equity issue.

## Bandwidth and M&A

JP Morgan Executive Director APAC Insurance Investment Banking Russell Kueh said senior executives often apply an 80/20 rule in the wrong direction: they "could be spending 80% of time on a problem that is really 20% of the value of the company." Offloading such reserves, he argued, matters more as competition increases.

HSBC Life Singapore Chief Risk and Compliance Officer Ashish Hathi called management bandwidth "very, very important," noting that teams want to focus on what is strategically important going forward.

He said acquisitions often leave buyers with portfolios they lack the expertise to manage, including the "best claims management capabilities."

On M&A, Mr Kueh said transactions turn on "value, speed and certainty." A loss portfolio transfer separates legacy liabilities from the ongoing franchise, which can broaden the buyer universe, increase competitive tension and avoid a technical discount when buyers value historical liabilities differently.

It can also spare parties repeated negotiations over how a liability should be priced. Certainty matters, he said, because a failed process can hurt the target, "customer policyholders, staff, even the regulator."

His advice was to "just clean it up" ahead of a sale if a legacy book makes the deal look infeasible, and to bring a solution into the transaction only if it is simple enough.

## Market conditions and new structures

Against a volatile backdrop, with rising interest rates, elevated inflation and falling insurance and reinsurance rates, Mr Pereira said that higher rates mean better investment income on reserves, and a soft market removes the pressure companies felt in a hard one. Yet "the motivation doesn't change," he said, because reserve risk is the largest consumer of capital under the region's risk-based frameworks. Shareholders still want returns, and the products are "increasingly becoming part of the CFO's toolkit."

Ms Drill noted that the region is relatively quiet, but many transactions are coming to market in the US, notably casualty liability, where legacy players financed by alternative capital still have appetite for the risk.

On supply, Mr Pereira estimated there are now five to 10 legacy providers against 30 to 40 transactions a year, which is "okay" but narrows as deals grow larger. "We want to build a healthy market here," he said, hoping more deals will attract capital.

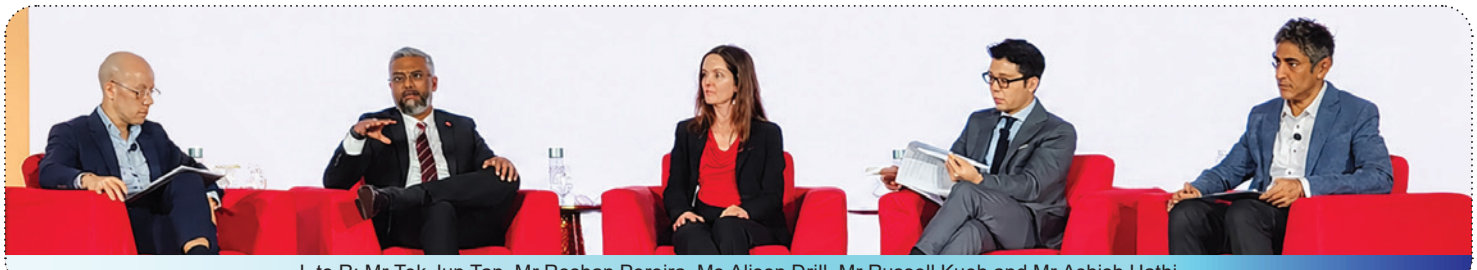
## Why Asia lags

The panel agreed that stigma remains the main barrier to adoption in Asia.

Ms Drill also noted that roughly 13% of an estimated $1.1 tn in global non-life reserves sits in Asia-Pacific, but fragmentation and domicile-by-domicile legal finality limit large deals. She expects more strategic exits, in which a multinational transfers reserves from a non-core branch within 12 to 24 months and repatriates capital.

Asia has few true composite entities, said Mr Kueh, since licensing regimes often keep businesses in separate entities, and large non-life transactions are rare. He also said the onus is on advisers to raise these tools at C-suite level, so that a decision against them is "a very deliberate one."

Mr Hathi said the answer is education at board level. A retrospective solution, he said, "is not a way to hide something. It is a genuine capital management tool."



L to R: Mr Tek Jun Tan, Mr Roshan Pereira, Ms Alison Drill, Mr Russell Kueh and Mr Ashish Hathi



# Major Nat CAT events in Asia in 2026

## South Asian Heatwaves



Economic losses **$194bn**

Insured losses **Low**

## China Seasonal Flooding



Economic losses **$4.9bn**

Insured losses **$100m**

## Sumatra Floods (Indonesia)



Economic losses **$4.1bn**

Insured losses **Low**

## Vietnam, China: Tropical Storm Narra



Economic losses **$3.2bn**

Insured losses **Low**

## Nepal-Tibet flash floods



Economic losses **over$1.5bn** (initial estimation)

Insured losses **$1bn** (claims mostly from the hydro-electric power segment)

## Japan earthquake



Economic losses **$738m**

Insured losses **$1.4bn-$2.5bn**

## Typhoon Dolphin (China)



Economic losses **$425m**

Insured losses **$178m**

## Early-Season Tropical Activity (Philippines)



Economic losses **$26m**

Insured losses **Low**



*Source: Aon Catastrophe Insights*



"Significant capacity was available in 2026, creating a soft market. This follows a hard market period that began around 2020 (with COVID-19) and lasted through 2023. Rate reductions have been reported across many markets, though technical discipline regarding terms and conditions is largely being maintained.

Firms like ours avoid risk accumulation in a single region by diversifying globally (with offices in Singapore, Miami, Dubai, and recently India). Geographic diversification successfully shelters operations from regional market fluctuations.

Another feature of the reinsurance industry in the region is that the MGA concept is gaining much higher legitimacy and credibility because they are increasingly supported by highly-rated reinsurers.

Regional events, including the Middle East conflict, affect global pricing, investment revenues, and risk models, particularly for war policies and marine and energy exposures.

The industry outlook remains highly positive, supported by the strong growth and high participation levels seen at major events like the Singapore International Reinsurance Conference (SIRC).

Although traditionally viewed as a Asian-based platform, SIRC now features tremendous global participation from the Americas, Latin America, Central Asia, and Africa.

The upcoming 1 January renewals are expected to be smooth. Reinsurers must accommodate a cycle of rate reduction, however, by 2028, market conditions ae expected to stabilise into a new norm of operational flexibility, agility and balanced wording.

Softening is part of the cycle, not a permanent fixture and it is not going to be the new norm.

Events like recent cyber-attacks place a spotlight on how the industry prepares policy wordings for modern exposures like AI and cyber threats.

Forums bringing international experts together, like SIRC, help the industry craft robust wordings informed by historical AI and cyber loss experiences. The organisation of the conference has evolved positively over the last five consecutive years, since I started attending the event. Logistics have been superb, and I look forward for many years to be part of this conference."

**- Walid Sidani, CEO and Managing Director, Kay International AMEA**



"We focus mainly on Africa and the Middle East, where the current reinsurance environment is challenging but somehow more favourable.

Its main feature is the downward pressure on price in some lines of business, like property and energy, which is the result of a lot of capacity available in the market globally. Another developing underlying trend is the automation of underwriting processes, which is changing the way we work, leading to more efficiency and better results.

There is a lot of capacity and expertise, and there is a great opportunity to partner with others and diversify from a product offering, and geographic, standpoint.

The market is softening, but I do not think we are yet at the bottom. Looking at pricing adequacy, we are still trending in a good environment. I think, everything being equal right now, I expect downward pressure to be confirmed mostly in property for 1 January.

The SIRC allows us to develop our plans to establish an operation in APAC, and gives us an opportunity to connect with friends, test some assumptions as to the extent on how much we are prepared to invest.

It is about bringing expertise, developing the partnership model that has made us successful in other parts of the world. So, we look forward to the meetings we are going to have over the coming days and return home with a clear plan."

**- Eric Malterre, CUO, Africa Specialty Risks**



"It is a soft market now, where reinsurance underwriters are more open to accepting risk, especially in ASEAN. There is also a lot of support coming in, especially from markets in the Middle East and Lloyd's Syndicates. Other companies have also been open in various classes of business, like marine and specialty lines, such as financial and executive professional risk.

There is more appetite and, to put it lightly, more aggressiveness and bullishness to accept risk. I hope it maintains, especially going into the next round of renewals.

With all the technology and AI adoption, the key will be speed and accuracy, such as how fast reinsurers can turn around quotes or at least non-binding indications, because brokers are going to be chasing quick turnaround time responses, especially on the more sophisticated risks, like energy and engineering.

Improvement on terms does not always have to be a rate or premium discount, but perhaps more flexibility on conditions, with less restrictions in terms of where we can place the various risks and spread them out to other markets.

Networking is the most important, such as keeping in touch with existing contacts and colleagues, as well as enhancing relationships and keeping in touch and sharing information."

**- Ricky Natapradja, COO, ArthaRe Reinsurance Brokers**



"Insurance for data centres presents a great example of the insurance industry trying to solve life-cycle issues, ather than just individual risks.

Data centres represent more than a construction product to insurers. A fully operational data centre requires integrating coverage across construction, marine cargo, cyber, D&O liability, property and other risks. At Aon, we very proudly launched our data centre lifecycle product acknowledging this.

Today, data centre insurance is one of the most talked about aspects of the industry. We see more and more of that playing out across not just the conversations that we're having at SIRC but also certainly conversations that we're having with insurance, reinsurance and alternative capital providers all over the world.

The insurance industry has shown that it can absolutely evolve. It can change and rapidly build innovative solutions around some of the challenges that these data centres bring.

Aon has secured $5bn of capacity to support that. And I think that is just a testament to our ability to marshal capital, resources, analytics, and solutions.

The data centre boom from North America through Europe, Africa and Asia is absolutely one of the greatest opportunities the insurance industry has seen in many, many, years."

**- Terence Williams Head of Commercial Risk Solutions for Asia Pacific**



"There are three big themes right now in the (re)insurance industry: the expansion of AI, energy transition from fossil fuels into renewables and other alternative forms of energy, and the geopolitical fragility and fragmentation going on around the world and how that affects the insurance cycle, inflation, supply chains and so forth.

As a result of those themes, we are seeing a growth in actual insurance exposure, because there is more risk in the world. And the underlying growth of that exposure is becoming more complex; it is becoming more interconnected and more interdependent. But understanding the relationships between those exposures and how they relate to each other in a single event, multiple events, or a systemic event is quite difficult to model.

As an industry, we understand that, and we are being responsible with our balance sheets moving forward.

I am very optimistic about the future of the reinsurance industry. It is very simple; the more risk there is in the world, the more (re)insurance is required. And right now, we are seeing risk grow because of the themes.

What is really interesting is that the capacity will always be needed, but the challenge moving forward is how we move from capacity to capability. And I think that will differentiate the reinsurers of tomorrow."

**- Trent Thomson, Global Head Specialty Insurance, Swiss Re**



"The reinsurance business environment is becoming increasingly competitive and challenging. There are many new entrants into the market, while the pie is shrinking. Providers need to develop new products and explore innovative solutions to expand the business and generate sufficient volume to sustain all market providers.

One major challenge facing the reinsurance sector is the shortage of strong young talent capable of bringing fresh perspectives, new ideas and innovation. The industry has been relatively stagnant for some time, and we need new blood, greater creativity and out-of-the-box thinking to get to the next level.

The future is promising given the growing scope of risks that require protection and the opportunities this creates for developing new products. Emerging risks, including AI-related exposures and cyber threats, are opening up new opportunities for the insurance industry. However, the Middle East (re)insurance industry is still lagging behind in developing solutions for some critical emerging areas, particularly those associated with AI.

For (re)insurance brokers, the growing capabilities of AI could pose a significant challenge, as technology is being viewed as a substitute distribution mechanism. This should serve as a wake-up call for industry players to invest in developing stronger talents, especially among young professionals who can bring fresh ideas, frive innovation and help the industry remain competitive while preparing to deal with unprecedented risks – including those AI-related risks.

We expect to see a softer market. Over the year ahead, markets are likely to continue softening, driven by substantial capacity in the region which is also continuing to grow. Therefore, competition is expected to intensify, making the 1/1 renewals softer, especially with the entry of more new players, especially in the form of MGAs.

SIRC is a great industry gathering that continues to surpass expectations year after year. This year, participation has grown even further, with more people attending which proves the momentum SIRC has been maintaining."

**- Zuhair Atout, CEO, Apex Insurance & Reinsurance Brokers**



"For me, it is really about working together with clients across all challenges, not just in transactional broking, but becoming a true strategic advisor, to help them navigate the cycle. It is also the people: seeing friends from London, from home, and watching old friends making new friends."

**- Katy Fairweather, Head of Insurance Vertical, APAC, Aon**


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