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Artemis Monte Carlo Executive Roundtable 2024

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FOREWORD

Welcome to the Artemis Monte Carlo Rendezvous Executive Roundtable, in which nine expert speakers from across the insurance-linked securities (ILS) space discussed the sustainability of current market conditions and returns, investor sentiment, potential growth areas, and more.

Although not as high as in the early months of last year, participants noted that ILS market returns remain attractive, and with demand across the asset class still strong, consistent returns are expected at an orderly renewal season.

It's worth highlighting that this roundtable took place before the impacts of hurricanes Helene and Milton in Florida.

As well as spreads, industry experts highlighted the diversity and maturity of the ILS investor base, and the potential to attract even more investors to the space through continued education.

The importance of innovation around products and structures in order to attract more capital was also explored, as industry experts deliberated on aggregates and the need to improve the modelling of secondary perils to make investors more comfortable.

With both the cyber and casualty areas garnering increased attention within the ILS universe, roundtable participants commented on the current state of these markets and where ILS can play a role, as well as what hinders greater involvement from the alternative capital space.

One thing that's clear is that all of our roundtable participants are excited and optimistic for the future of ILS, and while the marketplace and the investor community has matured and become increasingly diversified, there's more that can be done to take ILS to the next level.

Steve Evans
Owner and Editor in Chief, Artemis & Reinsurance News

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FROM LEFT TO RIGHT:

Jon Laux – *CyberCube*
Philipp Kusche – *Howden Capital Markets & Advisory*
Chris McKeown – *Vantage Risk Companies*
Vincent Prabis – *Hiscox ILS*
Steve Evans – *Artemis & Reinsurance News*
Niklaus Hilti – *Euler ILS Partners*
Sidney Rostan – *SCOR Investment Partners*
Ben Canagaretna – *Acrisure Re Corporate Advisory & Solutions*
Niraj Patel – *AXA XL ILS Capital Management*
Flavio Matter – *Schroders Capital*

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Niklaus Hilti, Chief Investment Officer and Director, Euler ILS Partners

Vincent Prabis, Managing Principal, Hiscox ILS

Ben Canagaretna, Managing Director, Acrisure Re Corporate Advisory & Solutions

Niraj Patel, Head of AXA XL ILS Capital Management

Flavio Matter, Co-Head of ILS, Schroders Capital

Jon Laux, Vice President of Analytics, CyberCube

STEVE EVANS

Let's begin with market conditions and the current return environment, is this sustainable?

SIDNEY ROSTAN

We clearly see attractive returns in all market segments at the moment, in the catastrophe bond space as well as in the ILW and collateralized reinsurance markets. And attractive market conditions should overall persist on the back of a strong increase in demand for protection, as a result of demography, urban growth and inflation, even though inflation is going back to more sustainable levels. The effects of climate change also contribute to this increase of the demand, but to a lesser extent.

If we look at the catastrophe bond market, the primary market activity is breaking record after record in terms of volumes issued, number of deals and number of cedents involved in the market. This is clearly sustaining spread levels.

Same situation on the ILW side, we have seen a lot of protection purchase interests before the summer. And the forecasts calling for a very active hurricane season put some upward pressure on returns.

In the face of this demand, the supply of capital has grown considerably, too. The current supply-demand dynamic in the industry, overall, seems to be well balanced,

Sidney Rostan – **We clearly see attractive returns in all market segments at the moment**

better than it was in the last two years, leading to orderly reinsurance renewals so far this year. In the ILS space, the recent growth of capital supply is partly due to net inflows in the market but more importantly to the very good returns that market participants have been able to post. These returns, if not distributed back to investors, are of course reinvested which is naturally generating a meaningful additional capacity.

CHRIS MCKEOWN

We see more demand. I'd push a little bit back on where the market should be going. Vantage is a proponent of bringing more capital to the market. We think the market needs more capital. And why I say that is there is an equilibrium at the moment, but it's a bit self-manufactured by the market.

SIDNEY ROSTAN

If no major event hits the industry until the end of the year, some softening may be witnessed in the catastrophe bond space, in particular because there is more liquidity available at the moment than in Q2 when spreads went up. But even if we see some softening, we still will be in an attractive spread environment at the end of the year and into 2025.

CHRIS MCKEOWN

I think one other addition to that, the industry still has work to do at assessing the model risk. We are using historically based stochastic modelling, and we all can agree that things seem to be different than they were before. We have more convective storms, Verisk estimates $150 billion of annual average loss from $100 billion just a few years ago, with 37 separate $1 billion or greater convective storms this year, 14 last year.

So, it's exciting to start thinking about are the models' backwards looking approach doing justice to the conditional probability. So, predictive modelling, I think, is another alongside demographics, climate change, inflation, concentration of risk and such.

The cat bond space exploded this year; I thought that was great. I think the industry could find ways to build more product, innovate around other coverages to bring more protection to our counterparties, but also more investor interest, just in the property cat space.

So, I think those are the main themes that we see going on. We've got investor money that is anticipating an orderly renewal and a more or less consistent risk return going forward, because of the issues that Sidney brought up. And that's what we're expecting into the renewal season.

Chris McKeown – **We've got investor money that is anticipating an orderly renewal and a more or less consistent risk return going forward**

PHILIPP KUSCHE

The environment is pretty attractive right now from a capital inflow perspective, but also from a pure demand perspective. There's obviously inflation, even though it's stabilizing but there are still growing risk transfer needs from sponsors. The trick is to match those up with the right capacity, at the end of the day. Also, I think, certainly when it comes to buying coverage and structures, there's more work to be done.

There's more and more of our clients that are now actively using ILS. Everybody who buys more than a few hundred million dollars in reinsurance capacity is now actively looking at ILS, and a lot of them are executing on that basis. We certainly see a growing trend.

I think the pricing will be ultimately driven by demand and supply, like every market at the end of the day. And I think the market itself could still do a better job. The cat bond market, in particular, has sustained great growth. It could have been even bigger if it would have had more capital available earlier this year. So, I think matching that supply and demand is something we've gotten better at, but it's still far from perfect, I would say.

NIKLAUS HILTI

Our expectations are that probably soon we will see a little bit of reaching a peak, and, even for the last quarter, I think there are significant maturities on the cat bond side, and I would say there is certainly a probability that the issuance will not get there.

I think it's going to be a trade-off between where cedents can get cover at a certain price. So, we could well see the first time that the market is not growing. And I think with that, I would say we probably then reached the peak, and then it's a bit more difficult to say where we go from there.

But, at least from our side, we are preparing mentally because we know how it is. In the very early days, we were not able to invest all of our investor capital, because cat bonds were not issued at the same pace, and probably, these times will come as well. Certain consolidation will come.

And on the other hand, the big topic we see in the industry is that when a lot of the European insurance companies reported their quarterly results, the theme is that they take a larger loss burden from smaller events. Their results from severe convective storms, floods, wildfires and so on are impacted in a negative way, and most of the statements we read alluded to the fact that reinsurance is not available anymore at these levels. And I think this is an industry topic, I would say, that needs to be addressed over the coming quarters and years.

STEVE EVANS

Do people see any room to give support to those clients who have been experiencing volatility, or is the industry very firm on wanting to stay away from that type of frequency risk?

VINCENT PRABIS

That's a very interesting point. I agree with Chris that there's more room for capacity. Regarding the different appetites and which investors want to participate, it's exciting to see how diverse the investor base has become.

Many of us were active before 2008, and while you could say the investor base was diverse back then – hedge funds, investment banks, and others – the key difference now is the maturity of that base, not just the diversity.

Vincent Prabis – **The key difference now is the maturity of that base, not just the diversity**

Given the diverse portfolios we manage, we tend to focus on our strengths – whether it's cat bond funds, fully collateralized reinsurance, or fronted reinsurance. When you step back and look at these segments, you see the diversity and maturity we didn't have before.

We are having discussions with investors who are already planning how they'd respond to various scenarios in the event of a catastrophe. These are not naïve investors; they are fully informed and prepared. I welcome this, and we are prepared to help our investors build their best portfolio, depending on what happens in the coming months.

BEN CANAGARETNA

To pick up on a few points that were made around "the need". We've mentioned convective storms, wildfire, flood, and these are all perils where I think there's more we can do, particularly within the cat bond space.

The cat bond sector, as we all know, keeps breaking records. I think the UCITS capital which is up to around $11 billion now representing circa 25% of the pie is building momentum. There's seemingly an insatiable flow of money coming in there. So, I think there's a real opportunity to kick the cat bond space on, but I think we need as a market to be a little bit less vanilla and start to be a bit more creative with the structures. That will allow the size of the pie to expand. I think you need to work backward from what is the "client need". We need to try to tackle those more difficult to model areas with more sophisticated modelling to get investors comfortable.

I think also it's about looking at structures that give utility to the client, where they're getting some cover on frequency as well as just vertical protection. Creativity has to be the next phase of the cat bond market in my mind.

NIRAJ PATEL

This market has been very orderly lately. However, it has gone through multiple years of price increases. Given the current active hurricane season, pricing continues to be attractive. It's a property driven hard market. However, we are seeing attractive pricing across all reinsurance lines, and that's actually unique, at least in my investing career.

The next point is about capital. There's plenty of capital, broadly speaking, in the reinsurance market. It's not the availability of capital, it's the willingness to deploy that capital, which is an important consideration. And that is because reinsurers are focused on the return on capital and making sure the hurdles are met while deploying the capital. Investors are focused on return as well. And that illustrates the discipline market participants are displaying.

Our investors are of course focused on getting an adequate return, but also, some of our investors are looking to potentially deploy more capital if there is a market disruption due to a big event. This shows the level of sophistication and understanding of the long-term cycle.

Expanding beyond property cat is another theme that we have seen. The investor base is not as big as for the property cat transactions, but there are some investors who are very keen on doing these types of transactions. So, ILS investors have the ability to provide capital outside of property catastrophe as well.

FLAVIO MATTER

Conditions are currently really favourable with continuous elevated spread levels. So, investors really have the potential to achieve attractive returns again this year.

STEVE EVANS

And what about investor sentiment at the moment?

FLAVIO MATTER

Regarding investor sentiment, one remark made earlier was very interesting, which was about the maturity of investors and how much more sophisticated they have become over the years. This maturation is evident in the more profound discussions we now have with investors who possess a thorough understanding of the ILS space.

In order to further grow the market and attract new investors to the asset class, I think we as an industry can enhance our efforts in advancing the maturity of the market even further. The industry could improve by providing investors with, let's say, standardised types of reports, KPIs that we all can agree to. And maybe more important than the KPIs themselves is the calculations

Flavio Matter – **We as an industry can enhance our efforts in advancing the maturity of the market even further**

behind them, so that we offer investors a better basis to compare different products available, the different risk profiles, which would increase investor confidence much more.

In some cases, we continue to have discussions with investors who have told us that they're hesitant to make their first investment into ILS because it is, from their perspective, a complex asset class. So, yes, I think better reporting would remove a hurdle for investors and it would without a doubt help the market grow as well.

Otherwise, I think we are seeing a pretty healthy balance between supply and demand and so we expect spread levels to stay attractive. Something yet to be addressed, from a supply point of view, is that most of the growth that we have seen over the last 20 plus months, we believe, is really coming from performance. So, we are not sure how many new investors have actually tapped into the market.

STEVE EVANS

With all the interesting and different types of investors in the marketplace, how do we close on those and get them in, when it's a market constrained, in terms of size, by the opportunity in the reinsurance market as well?

PHILIPP KUSCHE

To make the cat bond and ILS market more attractive, it needs to just continue to grow. Then again, I think it's this ongoing debate between investors want to have very simple structures and clients want to have all perils coverage, and I think that spectrum needs to reach a consensus level where it allows to offer more product selections to clients, and ultimately then brings in more supply.

Philipp Kusche – **To make the cat bond and ILS market more attractive, it needs to just continue to grow**

We have a number of discussions with clients around structures like aggregates and I think everybody recognizes that the old structures of having low event deductibles is not the right way to go. We believe there are structures where we can find common ground between investors and sponsors. This is certainly one area where we likely could see more growth, using the right structures.

NIKLAUS HILTI

The one thing I find is our market is very much driven by all of us, it's what we create, what we have driven over the last decade and more, in terms of basically bringing products to the market.

I think where I see the biggest opportunity over the next decade is there is an enormous financial market out there, where, I would say, similar problems were solved for other asset classes in the past, and these are very mature markets. And I feel like we as an ILS community, we have to somehow connect with that part of the financial market to bring the asset class to something which, then I really would say, from a financial market perspective, becomes a mature market.

To give you an example, we learned that there are huge pockets of investors who would be very happy to invest into something with a coupon of 1% of 2%, but somehow nobody bothers, because we are all busy with what we do all day long. But I think there are enormous pockets in the financial markets where, if we connect it the right way, and if we also try to learn from what has been done in the financial market in other asset classes, I think then we definitely can bring it to the next level. And there are a lot more products in that structure. I think this is probably where the market should go.

VINCENT PRABIS

How do we ensure we attract new capital? While we talk about maturity, it means we also need to elevate our game. We're discussing collateralization, negotiating commutation wording – conversations that weren't standard just a few years ago. Previously, only a few investors reached this level of sophistication. Now, every new investor asks deeper questions, so we must continually improve how we restructure our products.

NIRAJ PATEL

Structuring is very important, especially as you venture outside of cat bonds to more complex areas. So, efficiency of capital deployment, and resulting returns that are delivered to investors are key considerations. Also, from the sponsors' perspective, we also have to evaluate whether it helps us mitigate our risks and gives us proper capital credit, and trying to balance those two requirements is imperative. In order for our market to grow, we have to figure out more creative solutions and continue to think outside the box to bridge that gap and continue to design innovative structures.

There is natural growth in the demand for reinsurance because exposures are expected to increase due to property values going up, inflation, and other factors. There is a natural growth, which bodes well for reinsurers and ILS investors.

SIDNEY ROSTAN

The ILS market has been in existence for more than 25 years now and ILS managers have devoted significant effort pitching and educating institutional investors all around the world. But there is still a huge part of the overall investor community new to the asset class. So, we all have to pursue our educational work in a very transparent way. And meet the challenge of convincing investors of the attractiveness of ILS as an asset class, by demonstrating for example that we can handle and adapt to the effects of climate change to build resilient ILS strategies, or that we have access to the risk in an increasingly efficient way, with minimal asymmetry of information and with minimal friction costs, for an optimal use of the capital entrusted to us.

Attracting new investors and expanding the ILS market will help to better address the growing needs for protection of the insurance industry while investing in a sound and sustainable way. As an example, if the ILS market has largely moved away from frequency risk in the last few years, more aggregate cat bonds were issued again in recent times, based on simple, clear and more remote structures. This seems to indicate an increasing acceptance of aggregate transactions, when properly designed.

NIRAJ PATEL

To add to your point on climate change and transparency, one of the things we can do, which we do in our company, is to continue to invest in research and development to continue to improve risk characterization and mitigation. Overall, property cat models are very good in helping investors

to be comfortable that the risk characterization is keeping pace with the changing climate, changing environment, changing exposures, etc. More time and more effort should be spent on improving modelling of secondary perils, so that reinsurers, as well as investors, can become more comfortable with, for example, aggregate structures.

CHRIS MCKEOWN

At Vantage, I think about three things. I'm concerned about inertia, innovation, and investability. I worry the market has too much inertia, not enough innovation, and I don't know where we are on the investability point. We have just begun to build back investor confidence in this space. I would hate that confidence to disappear after only one year by virtue of market compression.

Inertia falls more on the traditional marketplace, where they are led to a certain outcome in terms of what their returns should be. It's a levered balance sheet, so it's very opaque as to what we end up with in terms of returns and finality. So, that's why I like the supplementary nature of what we all do in bringing different capital, different structures. We've leaned into aggregate structures with advantage for our investors at Vantage, because we saw a need and demand there. A third of our portfolio is described as aggregate. It's a very nuanced product approach, but I think you can get it right with a lot of conversation and iteration.

On investability, we have seen the returns. I do worry also about the operational discipline, because, again, comparing ourselves to the traditional marketplace, there's not as much capital discipline there, as the product is a perpetual promise to pay, whereas ours is supported by capital that needs to be deployed. So, I think to get more investors in, it goes back to what was mentioned around education, as well as aligning the capital management with clients' expectations.

The key is the amount of allocation you make to this asset strategy, and there are actually studies that show you should be able to take an allocation on an asset strategy that goes to zero, that has that much volatility, as long as you can reload. And so, that's what you need to get into your investor's head. That is more simple for me to understand - you're better off taking that risk and adding it in at a certain level, than not. You go to the rated balance sheet and it's do they reload? Where's management's confidence and conviction around this line of business versus the other lines of business that are coming on, and that are going to consume their capital? What do their rating agencies say about how much leverage they can have for certain lines of business? When I started in this business, I think the leverage was 12 times the limit to the amount of capital that you have in your monoline property cat company in Bermuda. And that keeps coming down.

STEVE EVANS

Let's shift and focus on some specific areas of the ILS space, starting with cat bonds. What's coming down the pipeline this year and where are the opportunities?

BEN CANAGARETNA

I think the key is meeting the client's needs. So, there's big demand for SCS, there's big demand for wildfire, but we're not really meeting that need. Clearly, reinsurance retentions have got higher, and the primary insurers are going to be suffering, are there ways we can solve for that?

Also, cyber is an interesting area, clearly still small in the scheme of things, but I think it's got to half a billion dollars now with five issuances and there's clearly a lot more room on that, because it's still a small part of the overall. The managers sat around the table will attest that if you've got high concentration in Florida, then the marginal impact of adding a bit of well-priced cyber risk makes sense. I guess it's trying to get it size appropriate and making sure we're comfortable enough on the view of risk, but the pricing on those deals seem quite attractive to me from a layman's point of view. I certainly see that area growing, and I see a lot more interest in doing issuance in that area.

Jon Laux –
We see ILS playing a really important role in filling that capacity need

JON LAUX

It's been a really exciting start to cyber ILS over the last 12 to 24 months. The secondary market is trading well, the bonds are at or above par value. That's encouraging. It doesn't feel like it was a one off thing. I think the structures feel like things that other sponsors could bring to the market and take advantage of themselves. We continue to see interest from sponsors in doing that. I think there's a little bit of cyclicality in the sense when the ILS teams get busy with nat cat, the cyber goes away for a bit, so it's also about navigating those dynamics.

There's been a broader trend over the last couple years, even in traditional reinsurance, of moving away from just quota shares and aggregate stops, which weirdly, compared to any other line that's what was available for cedents in cyber for a long time. But I think over the last couple of years, both in ILS and in traditional reinsurance, more event based triggers have become more appealing, which I think is sensible in terms of the economics of it. And I think it's a testament to the models getting to a point where people feel confident enough to start to grapple with those event definitions and so forth.

There's interest from funds as well. We're continuing to work with them. We've done some research around the diversification potential, even within cyber of, are they all going to hit at the same time? And there's at least some signs that no, each of them is a little bit different. So, that's encouraging. And obviously it's a bit different as an ILS asset class as it's obviously diversifying from some of the other things. So, that's all encouraging.

We published a paper leading up to RVS, taking a 10 year view of different growth scenarios and what the cyber market is going to look like. And, there's a lot of aggressive growth projections, but not many people are asking, what is the capital need going to be for cyber in a long time, and it could be big.

We see ILS playing a really important role in filling that capacity need, but obviously, to what extent, we're going to see. It's not going to be the end all be all. I think, given the potential growth for cyber, there's absolutely room, if not a need for federal backstops and things like that, to help play that role as well as traditional reinsurance.

STEVE EVANS

How are the ILS managers currently thinking about cyber?

FLAVIO MATTER

We are rather unconvinced at the moment. We are, I would say, monitoring the market. In our opinion, the modelling capabilities are not where we would want them to be in order to have the confidence to invest in cyber cat bonds. What we clearly see is the demand, that will just grow over time. We believe there will be huge demand going forward, and we've also seen quite a bit of development and progress on the modelling side, which is really promising. We are definitely keeping ourselves close. We even have an expert in cyber risk in our team, but at the moment, we remain cautious.

SIDNEY ROSTAN

We are closely monitoring this promising market segment which has a significant potential for development both in the cat bond and ILW spaces. It is also a complex and fast evolving risk for which it takes time to get comfortable on several aspects: on the modelling of the risk of course, but also on the contractual side including the definition of what is covered and what is excluded depending on the types of cyber insurance policies.

The CrowdStrike event has been an interesting case allowing to better understand this type of event and the possible implications for the cyber insurance market. A lot of progress has been made but there is still some way to go for the market to become mature.

NIKLAUS HILTI

We are quite optimistic on cyber. If you look at many lines of business in reinsurance and insurance, let's call it man-made risk, casualty, I think having worked at a reinsurance company as an actuary, this is what you do for a living, you create models to try to understand the trend risk, the human nature to a certain degree, and somehow try to bring risk in the box and understand it. So, I think from that perspective, cyber, for me, is just another non-natural catastrophe discipline.

Niklaus Hilti –
We think cyber is going to be the new property

And yes, it's a different type of modelling, but again, I think the industry, we all know is very big outside of natural catastrophe and has done generally very well in man-made risk or non-natural catastrophe.

So, first of all, I would say this is pretty normal for us. Second thing is, I think we've been growing a little bit in this market since 2016. We feel it has performed accordingly. We had some other surprises on the natural catastrophe side in the meantime, which were bigger than we thought, different than we thought. Litigation risk is something totally man made, not to forget. So, from that perspective, for us, cyber is something which is justified and has big growth potential.

We think cyber is going to be the new property. Maybe it's still more important that we have a roof over our head, but then, relatively soon, the dependency of technology is enormous. Ultimately, it's an enormous opportunity.

On the traditional view of where ILS comes into the insurance, reinsurance market, we are we are there to absorb the events which are maybe too big for reinsurers. I don't think that case is 100% correct on the nat cat side, but I think on the cyber side, the potential lack of diversification insurers and reinsurers have, it almost feels like the hurricane Andrew motivation for capital markets to come in and absorb this type of risk.

So, from that perspective, to me, it just feels like an enormous opportunity, something which is not very different.

VINCENT PRABIS

We approach cyber from both a specialist insurance and reinsurance perspective. We have a significant excess of loss portfolio on the reinsurance side, as well as a large cyber insurance operation. Currently, the pricing is very attractive across this segment. There may be a premium on cyber cat bond pricing for early participants willing to enter the space. However, I agree that we need more data points and events to validate the market. We almost had one with CrowdStrike. For this market to grow, we need to see more data points to reassure participants.

JON LAUX

To that end, CrowdStrike is actually probably the best possible version of what could have happened right there, in multiple senses. So, yes, the more events we have that don't end up being material, but give us something meaningful to learn from, that's great, that's not scaring people away. I think it's allowing us to educate and test all the contingent coverages that haven't been tested.

We've seen a lot of ransomware over the last five years, so we can more readily imagine what a systemic ransomware event might look like. But contingent BI coverage not so much, so I think CrowdStrike has been great in that regard. But also, had it been malicious, had other things happened, it could have been a lot more of a threatening event in that way.

Counterfactual analysis has been around the modelling world for quite a long time, but we found it to be very useful for cyber, particularly just given there haven't been a whole lot of events that have landed, so to speak. So, to extract as much learning as possible out of each one that happens, not just how it played out, but let's play it out a little differently, there's been some really useful lessons, I think, in that we're trying to make sure the industry gets exposed to.

PHILIPP KUSCHE

Today, it's largely a proportional market, but every developing market, over time, transitions into a more non-proportional market just to make it more efficient and more economical. So, I would expect more transactions. I think it comes down to the investor education. I don't think anybody's asking managers to sign up to risk they don't understand, but the more time passes and the more information becomes available, we would expect more markets to participate.

STEVE EVANS

Casualty is also an area that seems to be getting increased attention in the ILS market, is this something that anyone around this table is looking at?

FLAVIO MATTER

We indeed think that casualty risk can offer an attractive, diversifying element to broader ILS strategies. We are investing in casualty via our own corporate member at Lloyd's. That's the way that we approach casualty risks, and we have invested in a handful of carefully selected Lloyd's syndicates that we support with this capital. That adds diversification to our property cat holdings in our broader strategies.

We commenced that in 2022 and the performance since then is impressive. Of course, you need the right investor base to accept that type of risk. We also talked to these investors beforehand to see if this would be something acceptable to them. And yes, it's a very efficient way of accessing casualty risk.

What is important, as always, is the alignment of interest between the underwriting entity and the capital provider. What is also very efficient, if you do it via Lloyd's, is the reinsurance to close mechanism that Lloyd's offers so that you can crystallise returns in a reasonable timeframe, which is obviously important for ILS funds.

CHRIS MCKEOWN

We do get incoming calls from investors, and this goes to Vincent's point about the maturity of some of the investors. They've been at the property cat business for a while, they understand the curve very well, and they start to realize the benefits of tail protection that casualty brings and the potential to add in float over a longer period of risk, could be of interest to them.

We set up Vantage to be open to sharing our business that we write on the balance sheet with third party investors, in a partnership capital model. So, we're open to those discussions. We're a fairly nascent business when it comes to some of those lines and operationally, we certainly see investor interest.

PHILIPP KUSCHE

Obviously, the motivation for investors supporting longer tail lines is somewhat different than for property cat investors. Even within Lloyd's, there will always be an asset component to that, which takes away some of the non-correlation, which drove a lot of investors to the cat space.

Secondly, underwriting casualty risk is harder than underwriting cat risk, where you have models. And so, I think we would certainly expect more transactions to come, but they'll probably start more in the quota share model before jumping right into the casualty cat bonds.

NIKLAUS HILTI

I think Lloyd's is quite interesting, because you have this natural, three year end to life on that. We also did an investment specifically to casualty through the corporate member. That was probably also at the time where investment income wasn't that attractive, and I think now it actually could look much, much more interesting. And so, from that perspective it is definitely something to look into.

STEVE EVANS

What other opportunities are people thinking about for 2025?

CHRIS MCKEOWN

We can't satisfy the demand that we see coming on the aggregate products. So, to the extent that we can help encourage more capacity, particularly to build more demand from the US primary personal lines carriers. They're looking out to 2050, and realizing the demand that they have, if cat retention stay where they are and go up, and they should go up with inflation over that time, they're going to have no end of issues with convective storms, fires and other secondary perils. So, yes, we're encouraging that market to grow as much as we can.

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