

1. 2025 Hurricane season review

The Atlantic hurricane season: slow start, strong finish

The Atlantic hurricane season unfolded in an unusual pattern. The season began very slowly with three weak tropical storms: Andrea in the open Atlantic, Barry in Mexico, and Chantal, which made landfall in South Carolina with no significant damage in early July. Activity then paused until early August, when tropical storm Dexter moved away from the U.S. coast. Activity picked up mid-August as Erin intensified into a major hurricane but veered north, avoiding landfall, with Fernand following a similar track. Remarkably, the peak season from late August to mid-September saw no storms at all, an unprecedented pause. Activity accelerated in mid-September with three powerful hurricanes: Gabrielle remained in the open Atlantic, while Imelda and Humberto developed simultaneously and tracked close to the U.S. coast before veering away without making landfall. October was quiet, marked by three tropical storms (Jerry, Karen, and Lorenzo) all staying in the open sea and posing no threat. The season concluded at the end of October with Melissa, which crossed the Atlantic, meandered through the Caribbean, and struck Jamaica and Cuba as a major hurricane.

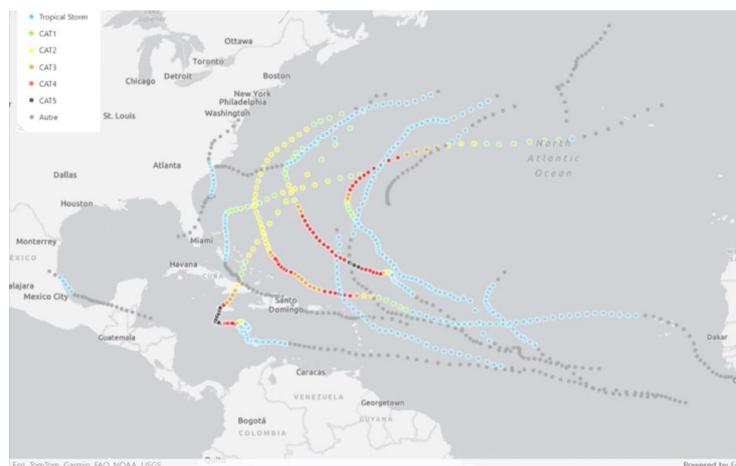
This season was remarkable for its lack of U.S. impact. Almost all Atlantic storms veered north, avoiding the U.S. coastline, and no hurricanes formed near the mainland or in the Gulf of Mexico, for the first time since 2015. The only significant loss event was Hurricane Melissa, which devastated parts of Jamaica and is projected to cause low single-digit billion-dollar insured losses. Melissa will also trigger a full payout on a USD 150 million World Bank-sponsored catastrophe bond for Jamaica, impacting the cat bond market by approximately -27 basis points.

2025 Hurricane activity vs historical averages

This season produced 13 tropical storms, including 5 hurricanes, 4 of which developed into major hurricanes. The Accumulated Cyclone Energy (ACE)¹ index stands at 133, slightly below the forecast of 146 but broadly in

line with expectations. Compared to historical averages, the season featured fewer named storms but more major hurricanes than usual. The ACE value was above the 30-year average yet below the 10-year average, indicating a season that was moderately active but consistent with long-term trends.

¹ACE: Accumulated Cyclone Energy, a precise measure of the activity based on hurricanes intensity and duration.



	Named storms	Hurricanes	Major hurricanes	Accumulated Cyclone Energy (ACE)
2025 realized ¹	13	5	4	133
2025 Mid-July Forecasts				
• Colorado State University	16	8	3	140
• Tropical Storm Risk	16	8	3	144
• NOAA	13-18	5-9	2-5	-
• UK Met. office	16	9	4	154
Average of forecasts	16	8	3	146
Historical average				
• 1991-2020 NOAA average	14	7	3	122
• 2015-2024 recent average	18	8	4	142

Source: SCOR Investment Partners, Artemis.bm and Climate Prediction Center (CPC). Forecasts issued in Mid-July 2025 ¹ Data as of November 3, 2025

This unusual development of the hurricane season can be explained by several factors:

- Sea surface temperature, which remains above long-term average but below 2023 and 2024 levels
- EL Nino/la Niña oscillation was this year in a strong configuration
- But also other local features which played an important role.

We explain those concepts in detail in our latest webinar.

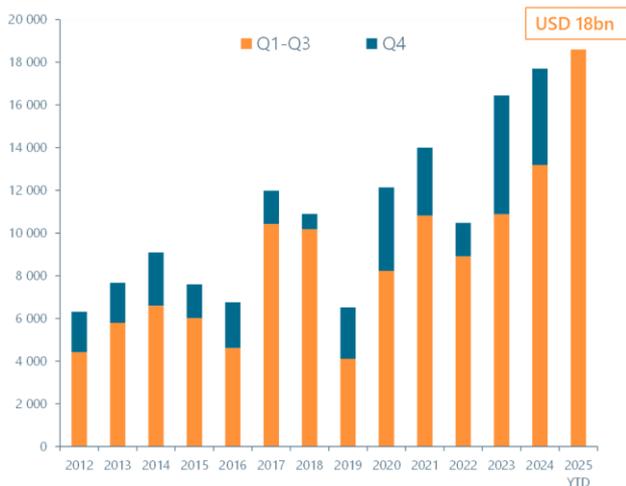
2. Market update

Catbond market expected to reach new heights

The catbond market began the year at an unprecedented pace, with total primary issuance surpassing USD 18 billion by the end of the third quarter. To put this in perspective, the market set consecutive records in the past two years, with more than USD 15 billion issued in 2023 and over USD 17 billion in 2024. This year's issuance through the first three quarters alone exceeds any previous full-year total, even before accounting for fourth-quarter activity. The third quarter was relatively quiet, as is typical during the summer and hurricane season. However, two notable transactions occurred in July and September, one providing wildfire coverage and the other earthquake protection, an unusual development for this period. A robust pipeline is expected through year-end, featuring transactions from both new entrants and returning sponsors. The outstanding catastrophe bond market now exceeds USD 56 billion, marking another historic high.

Given current trends, fourth-quarter issuance should at least match prior years, with fewer maturities than usual. As a result, 2025 is projected to set a new record, surpassing USD 20 billion in annual issuance for the first time.

Property catastrophe bond & ILS risk capital primary volume
In USD million



Source: SCOR Investment Partners, Artemis as of 30.09.2025

Catbond spreads tighten back to long-term levels

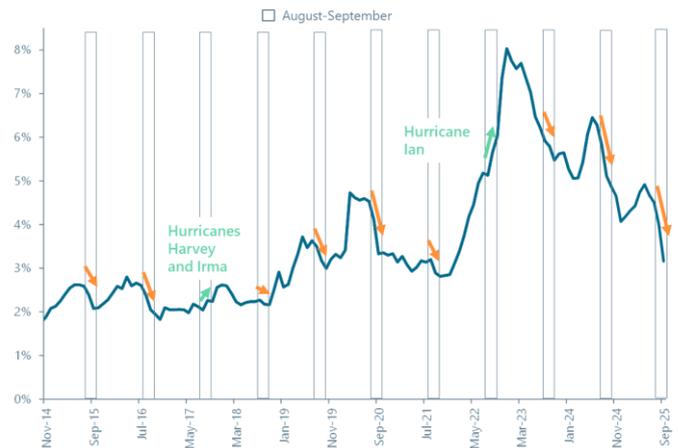
The average risk-adjusted spread of catbonds, an indicator of how these instruments compensate for risk based on actual market prices, has shown significant movement this year. This measure focuses exclusively

on catastrophe risk, excluding collateral returns, and adjusts for the expected loss of each bond. After widening at the start of the year, spreads tightened considerably during the summer months.

Seasonality plays a major role in pricing, as hurricane risk remains the dominant exposure in the catastrophe bond market. Prices typically rise during the hurricane season, with the strongest impact in August and September when risk peaks, assuming no major events occur. Historical patterns confirm this effect, with similar pronounced movements observed in 2020 and 2024.

In the secondary market, trading activity was limited in July and August, driven mostly by buyers, while September saw increased selling interest, which tempered the pace of tightening. Overall, spreads have now returned to pre-Hurricane Ian levels from 2022, approaching the long-term average range.

Catbonds secondary market: average spread over expected loss¹



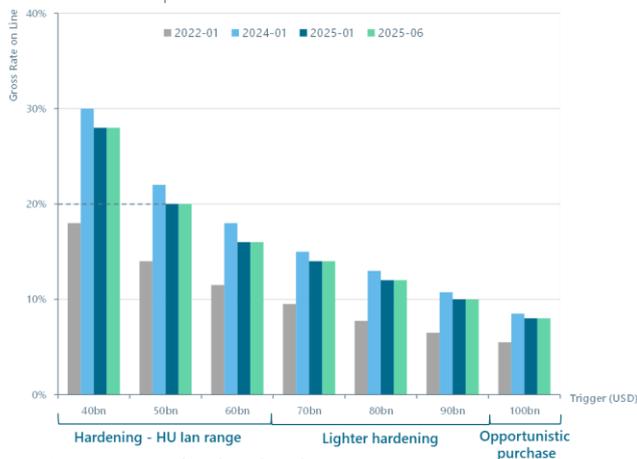
Source: SCOR Investment Partners, as of 30.09.2025

¹ Catastrophe bonds weighted average discount margin over expected loss, excluding distressed and short terms. Past performance is not a reliable indicator of future performance and performance is not constant over time.

ILW and private reinsurance market update

The first half of 2025 remained stable in terms of pricing, reflecting a continuation of earlier trends. Market activity slowed sharply during the summer months, which is typical for this period. Recent weeks, however, have shown renewed interest, suggesting that pricing will align closely with developments in the catastrophe bond market. Some tightening is anticipated at year-end renewals, although the extent of this adjustment remains uncertain at this stage.

ILW market: Average Gross Rate-on-Line %
US Hurricane & Earthquake Occurrence



The rate-on-line index for the U.S. property catastrophe market, which measures year-on-year changes in dollars paid for coverage on a consistent program basis, has experienced significant shifts since 2019. Following a series of catastrophic events, particularly Hurricane Ian in 2022, the index rose sharply to historical highs. Three years after Ian's landfall in Florida, the reinsurance market has seen no major events, leading to a correction in rate levels that began late last year. Further reductions are anticipated at the upcoming January 1 renewals.

Insurers' appetite for protection remains strong and continues to grow, creating a dynamic balance with the capacity offered by reinsurers and investors. Risk takers remain vigilant about maintaining the improved terms and conditions achieved over the past three years, including refined peril definitions and optimized program structures. Private transactions are expected to continue offering attractive rates, though year-end renewals are likely to reflect high single-digit to low double-digit tightening on a year-over-year basis.

ILS market outlook: record catbond issuance and growing maturity

The catbond market is expected to maintain strong primary activity through year-end, with an estimated USD 5 billion or more in new transactions during the fourth quarter, far exceeding the USD 1.7 billion in maturities over the same period. Total issuance for 2025 will set a new record, surpassing USD 20 billion and potentially approaching USD 25 billion. The pipeline for the first half of next year is already robust, and projections indicate continued rapid growth in 2026,

with the market likely to exceed 60 billion in outstanding volume.

This sustained issuance should help support catastrophe bond spreads over the coming months, keeping the current attractive spread environment intact into next year, despite seasonality-driven market-to-market fluctuations. In the private ILS market, following an almost loss-free hurricane season, reinsurance premium rates are expected to decline at year-end renewals amid abundant available capacity, though they should remain at historically high levels. Looking ahead, the ILS market is expected not only to expand across all segments but also to mature further. On one side, an increasing number of insurers and reinsurers are considering ILS as a core component of their protection strategies. On the other, investors are increasingly viewing ILS as a strategic allocation throughout the market cycle.

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