July 16th, 2026

Q2 2026 ILS market review

Notable cat events

There was no meaningful insurance loss in Q2 2026. Q2 typically marks the peak of the severe convective storm season in the US. However, after three extremely active years, this year has been much calmer. The total number of tornadoes recorded up to the end of June is closer to the long-term average.

Market activity

As expected, Q2 2026 saw extremely busy primary market activity with USD 11.3 billion new transactions. This brings the total volume issued in H1 2026 close to USD 18 billion, setting a new record for the period above the USD 17 billion issued in H1 2025.

The secondary market remained active along with the strong primary activity in a more balanced supply-demand environment. The average implied spread of the catbond market widened by 25 bps in Q2. This was driven by the customary seasonality effects during the period, which, however, were moderated by the strong investor appetite in the primary and secondary markets.

ILW market activity progressively picked up during the quarter and reached a peak in June. There was significant interest in purchasing protection against US hurricane and US earthquake around the 01/06 and 01/07 reinsurance renewals. Premium rates were flat on average compared to the beginning of the year with no changes in terms and conditions.

On the private reinsurance side, the outcome of the 01/06 and 01/07 renewals in the US was a 15-20% reduction in premium rates YoY in the context of abundant capacity available, reflecting continued rate normalization on the back of the 01/01 and 01/04 renewals.

Outlook

The primary market will now close down like every year and the attention will be on the US hurricane and Japan typhoon activity during the summer. It will probably not reopen before the end of September/beginning of October.

According to market expectations, Q4 should see a very active primary market, which could lead the market to break last year's full year record of USD 25 billion.

The latest forecasts for the upcoming hurricane season indicate well below average activity. These forecasts are mainly based on a very high likelihood of very strong – if not record – El Niño conditions throughout the summer and autumn.

Catbond spreads may soften in the short term as the result of these forecasts. Like every year, the evolution of catbond spreads in Q4 and year-end reinsurance renewals will depend on the actual hurricane activity and actual losses to the (re)insurance and ILS markets.

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