SCOR INVESTMENT PARTNERS

Market Insight

INSURANCE-LINKED SECURITIES

October 5th , 2026

Q3 2026 ILS market review[1]

Notable cat events

There was no meaningful insurance loss in Q3 2026 in a very quiet US hurricane and Japan typhoon season, with no impactful landfall to be mentioned.

Market activity

Like every year, the primary catbond market became relatively quiet during the summer, with no transaction issued. This brings the YTD catbond volume issued to approximately USD 18.5 billion as of the end of Q3 2026, slightly above volume issued during the same period in 2025. In the absence of any threats in the tropical waters, the secondary catbond market remained quiet during the summer, with only limited volumes traded. In this context, prices moved up significantly, driven by the customary seasonality effect which is at its strongest during the height of the hurricane/typhoon season.

Beyond the catbond market, at the 01/06 and 01/07 reinsurance renewals in the US, rates continued their differentiated decline, with sharper reductions on quality cedents' occurrence layers and more moderate decreases on aggregate and working layers, resulting in a -15% to -20% risk-adjusted rate change YoY. The main takeaways from the September Monte-Carlo reinsurance gatherings were that (i) reinsurance and ILS markets remain well capitalised, with participants expecting further, though more moderate, softening in property catastrophe reinsurance pricing at the January 2027 renewals, and (ii) negotiations are likely to extend beyond pricing, with terms and conditions as well as attachment levels expected to be key areas of focus during the renewal discussions.

Meanwhile, the ILW market remained quiet with no noticeable pricing change in Q3 2026.

Outlook

In this environment, Q4 2026 is expected to see a very busy primary market according to discussions with catbond structurers, as the lower spread environment will encourage potential catbond sponsors to issue bonds in the context of a continuously increasing demand for protection.
As a result, the total primary market activity could break last year's full year record of USD 25 billion.
Catbond spreads are expected to come down slightly in Q4 2026, as the high level of primary market issuances should sustain spread levels but should be well met given the level of capacity currently available in the market.

Please refer to our latest monthly reports for detailed information on our funds' performance:

- SCOR ILS Fund – Atropos Catbond Fund
- SCOR ILS Fund – Atropos
- SCOR ILS Fund – Atropos Plus

[1] *Completed and finalised on October 5th 2026*

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