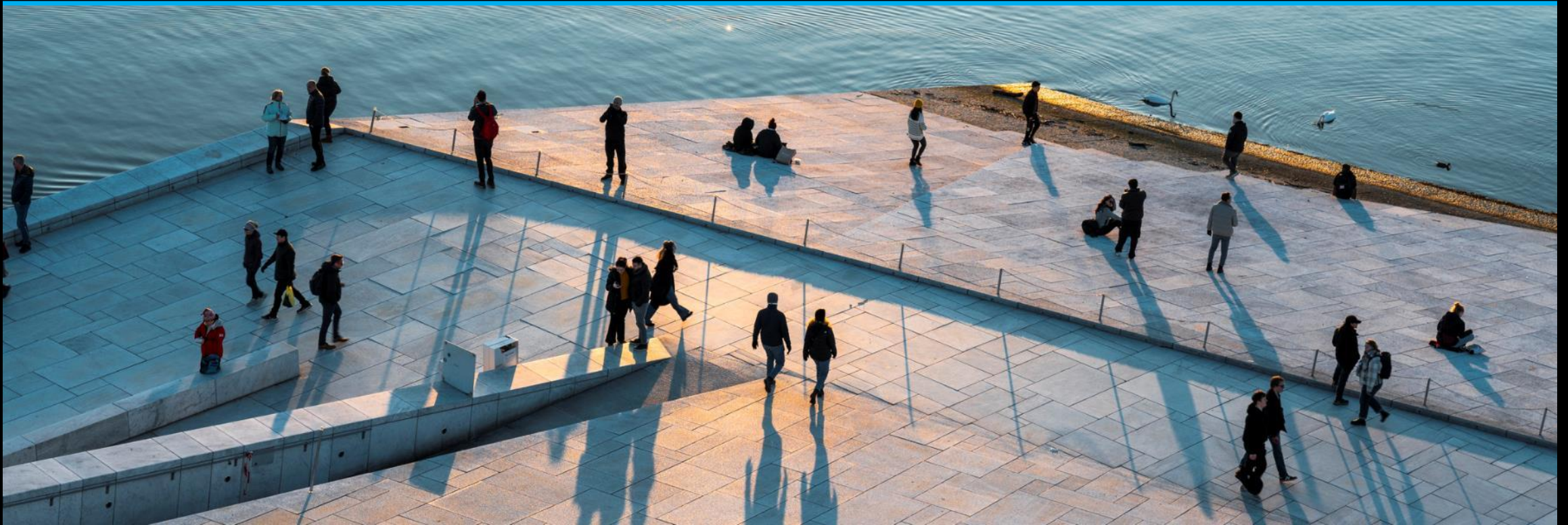


LIABILITY REINSURANCE

The role of Lockton and MEARIE members in the reinsurance process; Macroeconomic market forces and future concerns



AGENDA

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1. INTRODUCTION TO LOCKTON

Independence changes everything

Family-owned and independent, enabling a long-term focus on clients' best interests.

Global scale, local freedom

Entrepreneurial culture supported by scale and expertise across 100+ worldwide offices.

Empowered people

Insurance and risk specialists encouraged to act quickly, creatively and commercially for clients.

Trusted partnership

A client-led approach focused on long-term goals, practical risk management and tailored insurance solutions.

By the numbers

13,100+ insurance and risk specialists;
65,000+ clients in over 140 countries;
94% client retention.

FY26: 11% YoY organic growth (6th straight year) to revenue of US\$4.5bn.
Lockton International grew 15%.

WHY LOCKTON?

What do you need in a risk partner?
Experience? Excellence? Expertise?
Partner with Lockton and feel the
difference.

Think personal relationships with people you trust.

Experts in their field, committed to your success.

A global network of hand-picked specialists, working together to drive you
forward. It's a boundary-pushing relationship that gets results.

Because [we're in it for the long-haul.](#)

The context: MEARIE and the reciprocal model

Why reinsurers care about the MEARIE story



Sector expertise and member alignment



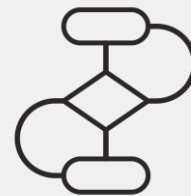
Risk management culture



Governance and long-term capital plan



Claims experience and controls



Portfolio diversification and exposure data



Created for a specialist member community



2. WHAT IS REINSURANCE?

A capital and volatility-management tool

01

Protects surplus

Transfers part of severe or volatile loss experience away from the reciprocal balance sheet.

02

Supports capacity

Allows MEARIE to offer meaningful limits while maintaining prudent internal risk retention.

03

Stabilises outcomes

Reduces earnings and capital volatility from large losses, aggregations and adverse development.

Insurance protects policyholders. Reinsurance protects insurers.

Reinsurance is insurance for insurance companies. It allows an insurer to transfer part of its risk to another insurer (the reinsurer) so that very large or unexpected losses do not fall entirely on the original insurer.

Our role as Reinsurance Broker

From strategy to execution to renewal stewardship

01

Diagnose

Exposure, loss trends, risk appetite and capital objectives

02

Design

Retention, limit, layers, quota share / excess of loss options

03

Market

Differentiate MEARIE to global reinsurers and create competition

04

Negotiate

Pricing, wording, exclusions, reinstatements and counterparties

05

Steward

Claims, reporting, market feedback and next renewal preparation

Our objective

Make MEARIE easy to understand, credible to underwrite and difficult for reinsurers to ignore.



3. MACROECONOMIC FACTORS AFFECTING (RE)INSURANCE

The 2026 market: favourable, but not uniform

Property capacity has improved; liability remains more selective

01

Capital abundance

Global reinsurance capital remains strong, increasing competition in many areas.

02

Buyer opportunity

Reinsurance capacity is generally ample, giving buyers scope to reshape programmes.

03

Casualty caution

Liability lines face scrutiny from loss inflation, litigation trends and emerging exposures.

Practical implication

Whilst Liability lines remain challenging, with reinsurers focused on loss-cost inflation and legal developments, ample reinsurance capacity creates scope to reshape and improve programmes with the help of quality member data and improving risk controls informing the underwriting narrative.

What reinsurers reward

How MEARIE and members can influence market outcomes

- Clear and credible exposure data
- Evidence of controls and governance
- Consistent claims reporting and reserving philosophy
- Early engagement on emerging risks
- Demonstrated member risk-management culture
- A renewal story that is proactive — not defensive

Member Takeaway

Every member's data and controls contribute to the collective underwriting narrative.

Good information can become pricing power; poor information becomes uncertainty, which gets priced by underwriters.





4. EMERGING RISKS

Future Concern – EIL

Environmental Impairment Liability as a broader operational resilience issue

01

Potential exposure

Oil & fuel spills, legacy contamination, construction works, substations, vegetation/wildfire interfaces.

02

Loss characteristics

Long-tail, technical causation, remediation cost uncertainty, regulatory scrutiny and reputational sensitivity.

03

Market focus

Emerging contaminants, water impacts, climate-triggered releases and contractor/third-party liability.

Broker lens

Environmental risk is a growing concern for businesses because it can create large, complex and long-tail liabilities that are difficult to predict, price and resolve.

Future concern – Artificial Intelligence

New efficiencies, new liabilities, new governance expectations

01

Operational use

Business efficiencies by automating routine tasks, improving data analysis, accelerating decision-making and enabling teams to focus on higher-value activity.

02

Liability questions

Data quality, bias, explainability, privacy, reliance on automated outputs and accountability.

03

Insurance questions

Silent AI exposure, cyber interaction, professional liability, D&O oversight and claims defensibility.

Broker lens

AI is a future business concern because automation, data reliance, cyber exposure and evolving regulation can create complex liability and governance risks — making accountability & controls increasingly important.

Other future concerns for liability and reinsurance

Risks that can compound rather than occur in isolation

01

Cyber

Ransomware, operational technology, grid interruption, privacy and systemic aggregation.

02

Climate liability

Wildfire, flood, storm response, infrastructure adequacy and resilience expectations.

03

Social inflation

Class actions, litigation funding, larger settlements and legal-cost escalation.

04

Energy transition

EV charging, battery storage, distributed generation, contractors, data centres and new technologies.

05

Supply chain

Parts delays, specialist labour shortages and longer remediation timelines.

06

Regulatory scrutiny

Environmental, privacy, resilience, safety, D&O and governance expectations.



**5. IMPLICATIONS FOR MEARIE'S
REINSURANCE STRATEGY**

What to do while market conditions remain constructive

- Start renewal strategy early
- Use analytics to test retentions, limits and volatility trade-offs
- Invest in exposure quality, incident reporting and claims trend analysis
- Clarify wording around emerging risks and exclusions
- Develop a consistent risk-control story
- Keep all parties engaged between renewals

Strategic aim

A resilient programme that is:

- affordable across cycles
- clear in coverage intent
- robust under stress
- attractive to reinsurers
- aligned with member interests



What members can do

Risk information is a collective asset

01

Improve data

Quality of schedule of values, succinct detail on operational and exposure changes and understanding of Cyber, Property, Liability and Environmental risks.

02

Evidence controls

Document maintenance, vegetation management, incident response, training and governance.

03

Report early

Timely incident and claims reporting improves reserving, reinsurer confidence and coverage outcomes.

Bottom line

The more confidently MEARIE can evidence the risk, the stronger Lockton's hand is in the reinsurance market.

KEY TAKEAWAYS

01

Reinsurance is strategic

It protects surplus, supports capacity
and helps stabilise member
outcomes.

02

Market conditions are nuanced

Capacity is available, but casualty
liability remains selective and
evidence-driven.

03

Emerging risks matter

EIL, AI, cyber, climate and social
inflation should be managed to help
future renewal pressures.



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