ALESCO

H1 2026

ENERGY, POWER & RENEWABLES

INSURANCE MARKET UPDATE

ABOUT ALESCO

Alesco Risk Management is an independent London Market insurance broker and risk consultancy for large and complex risks on a direct and wholesale basis. Founded in 2008, we provide risk management services and insurance solutions that are fundamental for protecting organizations in an ever-changing world. We work closely with underwriters in the London markets, in key global insurance centers, and with local broking partners in 150 countries.

Offering insurance solutions for property, liability, accident and health, contingencies, and more across a diverse range of industries, from energy and construction to marine, aviation and fine art, just to name a few. Combining the strength and reach of a global brand with the service levels and flexibility of a specialist independent broker, Alesco is committed to building confidence and creating certainty in your business.

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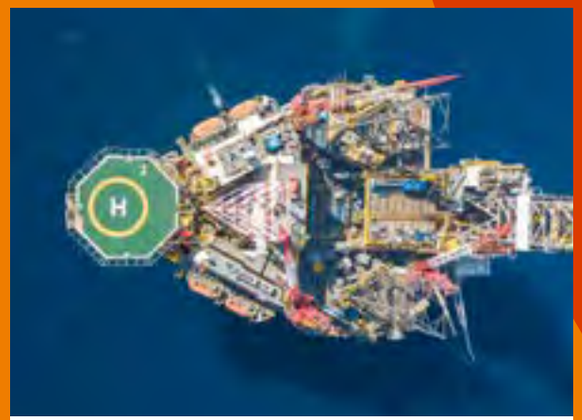

01

INDUSTRY OVERVIEW

INDUSTRY OVERVIEW
AND INSURANCE MARKET INSIGHTS – H1 2026

2025 proved to be the beginning of a broad shift in the oil market.

- Recent forecasts infer global crude prices are expected to decline into 2026, with the US Energy Information Administration (EIA) expecting average benchmark Brent crude prices to average around USD60 per barrel through 2026.
- This downward pressure reflects a growing supply overhang, with S&P Global suggesting that as supply growth driven by non-OPEC producers and a re-expansion of output by OPEC+, outpaces modest demand growth, global inventories are expected to rise significantly.

On the demand side, structural factors continue to weigh, with slower economic growth in key consumer markets, gradual improvements in energy efficiency, and the accelerating uptake of clean energy alternatives and electrification, are all contributing to muted oil demand growth.

Meanwhile, the global clean-energy transition continues with renewable energy deployment, the growth of electric vehicles, battery manufacturing, solar and wind technologies, especially across Asia.

This structural shift in energy consumption aims to underpin long-term downward pressure on oil demand. In parallel, geopolitical risk and ongoing conflicts, while still present, no longer appear sufficient to offset the weight of global oversupply and structural demand change in the baseline outlook.

These energy market developments have important implications for the insurance sector covering energy (oil and gas), power and renewables. Softer oil prices and slower upstream investment will reduce exposure to large-scale upstream drilling and exploration risks.

Contrarily, rising investment in renewables increases demand for insurance coverage in these sectors. Intense competition among insurers remains, combined with relatively benign loss experience over the past 24 months, which continues to push ratings and capacity conditions in favor of insureds (buy-side).

SHORT-TERM INSURANCE MARKET CONSIDERATIONS:

- Some regions have seen more benign activity in 2025 with fewer events. However, globally, volatility still remains high. According to a Q3 2025 "Natural Catastrophe and Climate Report" from Gallagher Re, global insured nat-cat losses for the first nine months reached USD105 billion, above the decadal average; however, they were slightly below expectations. A separate 2025 forecast from Swiss Re suggested insured nat-cat losses could reach USD145 billion in 2025, driven largely by secondary perils (wildfires, convective storms and floods). For example, the wildfires early in 2025 (in the Los Angeles, California area) have been widely reported, with Lloyd's estimating its share of losses at USD2.3 billion.

According to a Q3 2025 "Natural Catastrophe and Climate Report" from Gallagher Re, global insured nat-cat losses for the first nine months reached

USD105 billion.

- Major energy companies are reportedly scaling back US offshore wind and returning focus to more traditional energy (oil and gas). For example, RWE, a major European energy company with US offshore wind interests, announced in April 2025 that it had "stopped offshore wind activities in the United States for now," citing regulatory uncertainty under the current US federal administration. This retrenchment underscores how, in the short term, policy shifts can drive capital away from renewables and back toward fossil-based energy strategies. According to a 2025 report by the Energy Industries Council (EIC), the US offshore wind project pipeline dropped from 45 planned projects to 23 in the year through Q3 2025; planned capacity fell from 555.9 gigawatts to 25.4 gigawatts. The EIC links this contraction directly to policy changes: reduction or elimination of tax-credit deadlines, freeze on federal leasing and permitting, and higher costs/trade-related headwinds.

- Governance and cultural issues at Lloyd's remain very much in the media. Lloyd's has reopened an investigation into alleged historical breaches of conduct policy tied to its former CEO and a senior corporate-affairs director. As a result, some high-profile proposed appointments associated with the fallout have been withdrawn, showing the reputational and operational ripple effects. The scrutiny comes at a time when Lloyd's is also implementing a new "culture/principle-based" regulatory framework to improve governance and professional standards across the market.

- AI is delivering major efficiency and reliability gains across energy and renewables but also introducing complex, systemic digital risks. The insurance market will evolve quickly, shifting from traditional asset-focused underwriting to comprehensive models that address interconnection, cyber dependency and regulatory volatility. Looking ahead to 2026, these dynamics are likely to accelerate. For insurers will likely bring greater clarity on risk standards and data expectations, but also increased demand for innovative products.

02

UPSTREAM

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UPSTREAM
INDUSTRY OUTLOOK

The upstream energy market outlook for 2026 is looking a bit uncertain, with oil prices expected to remain under pressure due to swelling supplies and modest demand growth.

Brent crude is projected to average USD62.23 per barrel in 2026, while WTI crude is expected to average USD59.00 per barrel. The oil market is expected to see a surplus in 2026, with estimates ranging from 0.5 million to 4.2 million barrels per day. Global oil demand is projected to grow by 0.5 million to 1.2 million barrels per day. Ongoing political risks will maintain a crucial risk premium, preventing prices from dropping as low as the high supply would suggest.

With a longer-term view, demand for oil and gas is expected to grow at a CAGR of 8.5% through 2034. 2026 will likely see an oversupply and a short-term pullback in CAPEX, but many of the bigger offshore construction projects already have capital committed, with EPC contracts expected to see a marginal 1% year-over-year increase, driven by subsea technology, floating platforms and LNG projects. The Middle East is expected to account for 24% of forecast EPC award value, driven by brownfield developments and ventures by heavyweights like Saudi Aramco. High supply chain costs, project delays and softening oil demand may impact spending. Overall, the offshore oil and gas market is poised for nominal growth, and with a cautious outlook.

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UPSTREAM
INSURANCE UPDATE

As we look ahead, we are advising clients on the developments in both the direct and reinsurance markets following the 1/1 renewals, as well as providing insights into what they can expect in 2026.

The prevailing theme across the market is one of overcapacity. Underwriters' own insurance purchases through their treaties were oversubscribed, with rate reductions in standard Excess of Loss (XOL) programs reaching double digits. Those purchasing Quota Share (QS) treaties have been able to leverage their distribution to secure higher fronting commissions.

In the reinsurance market, it remains challenging to isolate upstream risks, as these protections are typically purchased as part of broader energy and marine programs. However, regardless of how the portfolio is segmented, both upstream and midstream sectors have performed well this year. The message from reinsurers is clear: "Well done, keep it up, and here are the tools to help you continue." The direct market, however, now faces the challenge of replicating this success while delivering a return on the capital allocated for the 2026 underwriting year.

The year 2025 was relatively benign in terms of losses, with blended rate reductions across the portfolio averaging a manageable **11%**.

For capital providers, upstream energy appears attractive from a high-level perspective. 2025 was relatively benign in terms of losses, with blended rate reductions across the portfolio averaging a manageable 11%. Construction premiums in the market also indicate growth. Direct underwriters are reassuring their capital providers, management and reinsurers that the market remains dynamic and challenging while committing to maintaining performance. However, the reality for those actively trading in the market is far more complex.

There is a growing concern that Lloyd's and company market capital providers may scrutinize the underlying details more closely. Many risks are facing significant signing challenges, and the availability of full follow capacity for brokers has never been greater. Regional hubs are also entering the market, competing aggressively for market share. The stark reality for 2026 is that, in a declining rating environment, the premium base may not be sufficient to meet collective business plans. This will inevitably result in winners and losers as the year progresses. Upstream rating reductions are almost certain to be in the double digits, and while 2026 may begin with caution, the pace of reductions is expected to accelerate as the year unfolds.

Only a series of major insured losses or a significant withdrawal of capacity could potentially halt what appears to be an inevitable snowball effect in the rating cycle.

As brokers, it is our responsibility to navigate these challenges and provide sound advice to our clients. For those clients who prioritize the lowest possible price, are willing to forgo long-term relationships, and are prepared to accept standardized coverage and average claims handling, the potential for significant premium reductions is evident. However, the reality is that most clients value the relationships that have supported their businesses, paid claims, and safeguarded their balance sheets through both favorable and challenging times. These clients are unlikely to favor a disruptive approach to their insurance programs. They do not want to face last-minute uncertainty, and as brokers, we must tread carefully. While failing to complete an insurance program can have consequences, adopting an overly conservative approach risks losing clients to more aggressive competitors who are willing to challenge the status quo. Striking the right balance between securing the best outcomes for our clients and maintaining long-term relationships will be critical as we navigate the complexities of the 2026 market.

TOP TEN LARGEST UPSTREAM ENERGY LOSSES IN 2024

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ ACTUAL USD	OEE/ACTUAL USD	TOTAL/ ACTUAL USD
10/20/2024	Europe	Norway	North Sea	Offshore	OP	Platform	Platform		Fire no explosion	100,000,000	115,000,000		215,000,000
02/12/2024	Far East	South Korea	Ulsan	Land	CAR	MOPU	FPS	Structure	Unknown	175,000,000			175,000,000
05/16/2024	Europe	Denmark	North Sea	Offshore	OP	Platform	Platform	Transformer	Unknown		156,000,000		156,000,000
04/06/2024	North America	Mexico	Bay of Campeche	Offshore	OP	Platform	Platform	Structure	Fire + explosion/ VCE	150,000,000			150,000,000
09/06/2024	Far East	China	South China Sea	Offshore	OP	MOPU	FPSO		Windstorm	137,900,000			137,900,000
02/01/2024	Europe	UK	North Sea	Offshore	OP	Rig	Semi sub	Riser	Faulty work/ op error	108,500,000	23,000,000		131,500,000
01/30/2024	North America	USA	GOM — MC	Offshore	OP	Well	Well		Blowout no fire			130,000,000	130,000,000
01/30/2024	Australasia	Australia	Western Australia	Offshore	CAR	Pipeline	Pipeline		Mechanical failure	100,000,000			100,000,000
07/18/2024	Africa	Nigeria	Delta State	Offshore	OP	MOPU	FPSO	Various	Heavy weather	63,873,870			63,873,870
09/07/2024	North America	Mexico	Unknown	Offshore	CAR	Vessel	Crane/pipe barge		Heavy weather	52,804,770			52,804,770

Total 2024 Upstream Losses (141): **USD2,257,390,854**
Total Top Ten Losses: **USD1,312,078,640 = 58%**
Operational (113): **USD1,699,268,275**
Construction (28): **USD558,122,579**

Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

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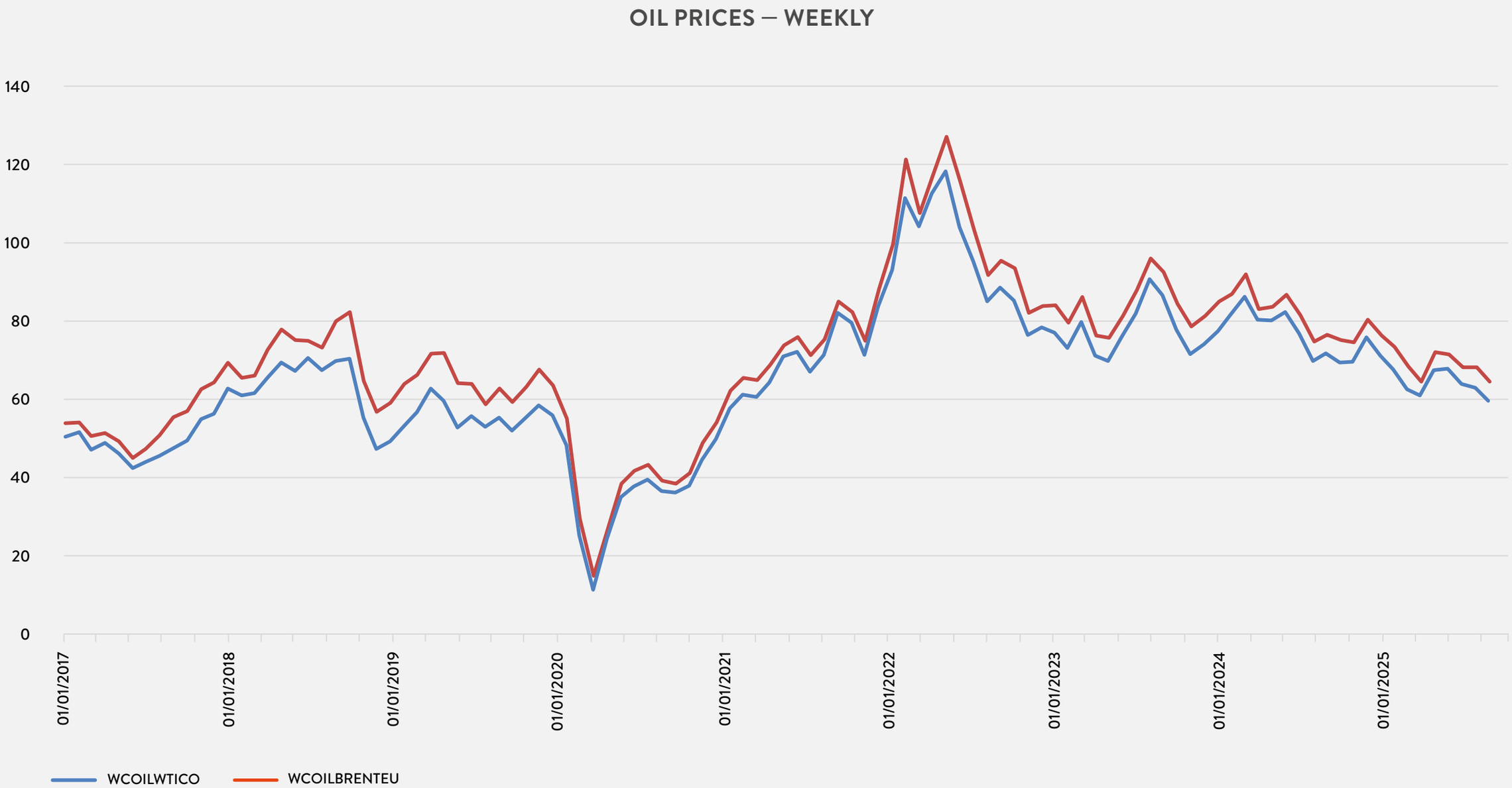
TOP TEN LARGEST UPSTREAM ENERGY LOSSES IN 2025

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ ACTUAL USD	OEE/ACTUAL USD	TOTAL/ ACTUAL USD
02/18/2025	South America	Brazil	Santos Basin	Offshore	CAR	Pipeline	Pipeline		Unknown	32,000,000			32,000,000
01/22/2025	Europe	Italy	Adriatic Sea	Offshore	OP	Platform	Platform		Fire no explosion	11,500,000	18,500,000		30,000,000
04/26/2025	Far East	Malaysia	Gulf of Thailand	Offshore	OP	MOPU	FSO	Mooring equipment	Unknown	30,000,000			30,000,000
06/03/2025	Far East	Malaysia	Sarawak	Offshore	OP	Pipeline	Pipeline	Pipeline	Impact	17,515,816			17,515,816
06/05/2025	Far East	Thailand	Gulf of Thailand	Offshore	OP	SBM etc.	SALM Buoy	Buoy	Windstorm		16,000,000		16,000,000
09/12/2025	Far East	Pakistan	Sind	Land	OP	Well	Well	Structure	Flood	15,600,000			15,600,000
02/15/2025	Africa	Ivory Coast	Gulf of Guinea	Offshore	OP	Pipeline	Pipeline	Equipment	Unknown	15,575,000			15,575,000
03/01/2025	Africa	Ivory Coast	Unknown	Offshore	Maint	MOPU	FPSO	Crane	Fatigue	13,000,000			13,000,000
04/26/2025	North America	USA	Louisiana	Land	OP	Well	Well		Blowout no fire			13,000,000	13,000,000
06/26/2025	South America	Brazil	Santos Basin	Offshore	CAR	SSCS	SSCS		Unknown	13,000,000			13,000,000

Total 2025 Upstream Losses (31): **USD270,102,512**
Total Top Ten Losses: **USD195,690,816 = 72%**
Operational (25): **USD186,162,512**
Construction (6): **USD83,940,000**

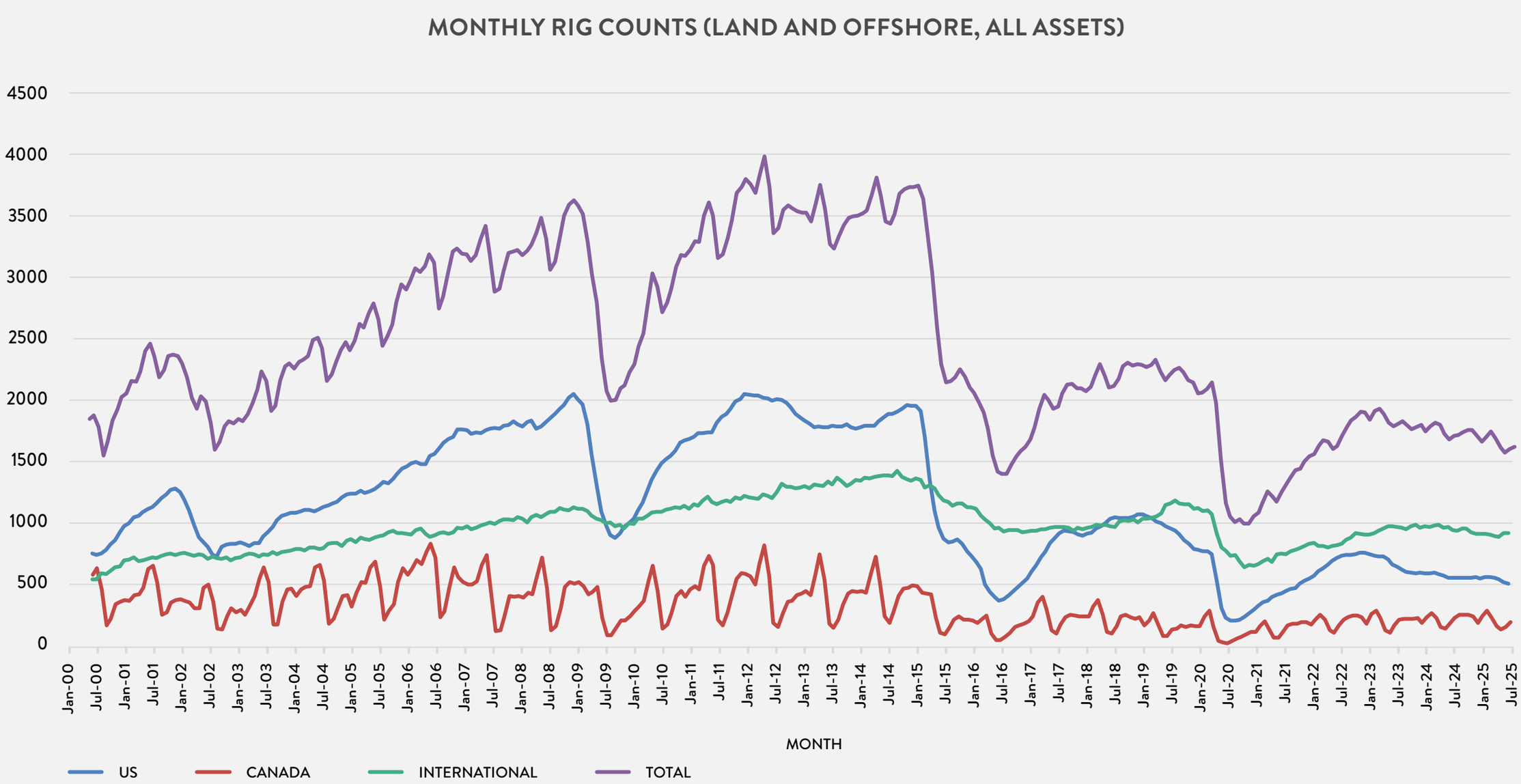
Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

MONTHLY OIL PRICES JAN. 2017-NOV. 2025



Source: https://fred.stlouisfed.org/tags/series?t=oil

MONTHLY RIG COUNTS JAN. 2000-JUN. 2025



Source: https://rigcount.bakerhughes.com/intl-rig-count

03

MIDSTREAM

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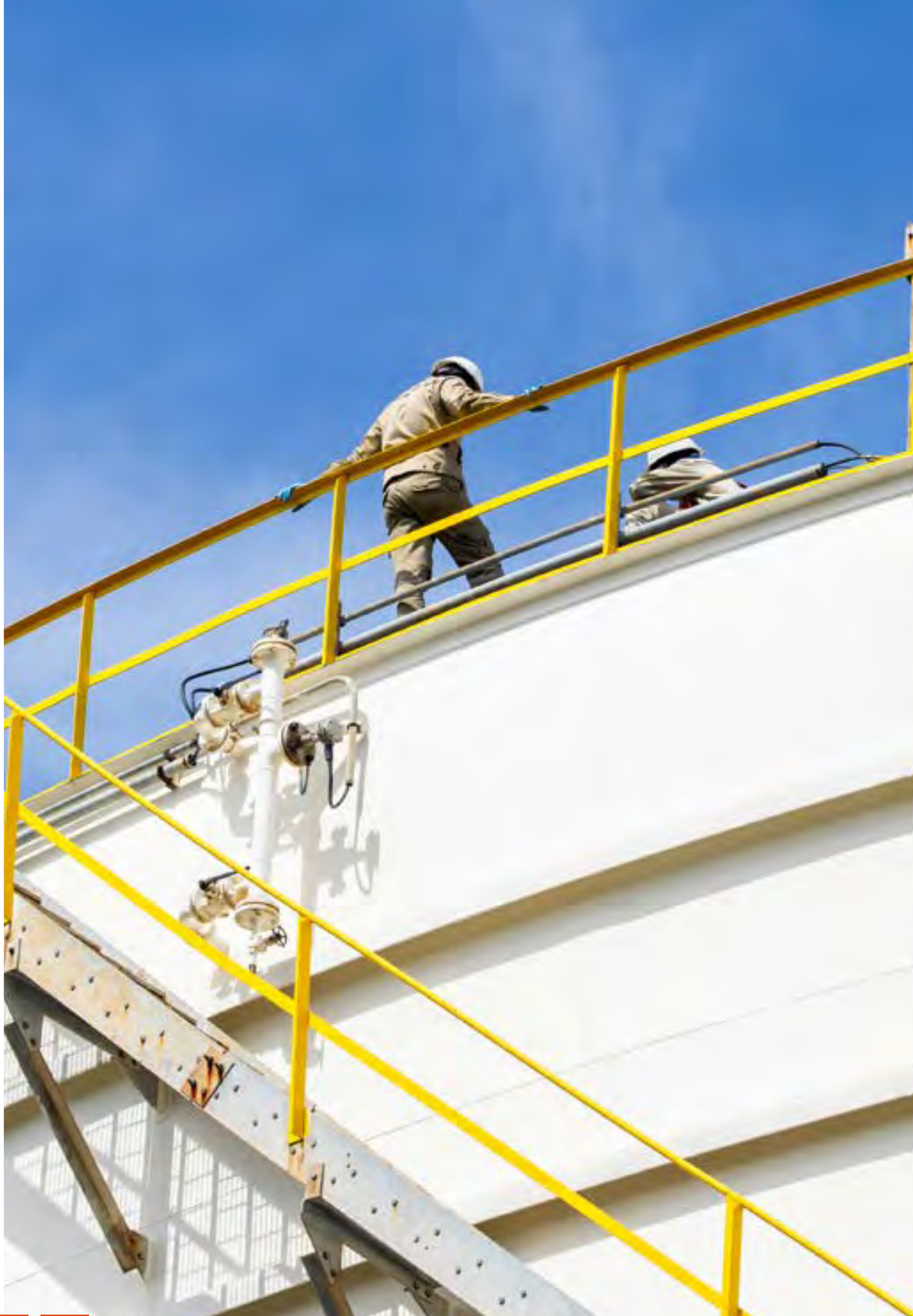
MIDSTREAM
INDUSTRY OUTLOOK

The midstream energy market outlook is looking promising, driven by the growing demand for natural gas and the increasing importance of energy security.

Natural gas is stepping into the spotlight, showcasing its resilience and growing importance in the global energy mix. The US is expected to hit a record high of 118 billion cubic feet per day by 2026, with consumption soaring to 91.4 billion cubic feet per day this year. Liquefied natural gas (LNG) export capacity is expanding; the transition fuel is further solidifying its global reach.

Infrastructure investors are aggressively targeting oil and gas giants, reshaping the energy landscape with high-stakes pipeline and midstream deals. Private capital continues to enter the market owing to the steady return on capital when compared to conventional oil and gas. Natural gas is playing a crucial role as a bridge fuel due to its lower carbon intensity. Hybrid fossil-renewable power plants are emerging as a solution to stabilize grid operations and reduce emissions.

The global oil market is expected to remain oversupplied in 2025, with prices potentially dipping to USD50 per barrel in early 2026. In contrast, natural gas prices are forecast to rise through late 2025 and into 2026, averaging USD4 per million British thermal units for 2025 and USD4.90 per million British thermal units in 2026, thus continuing to provide a positive outlook.



MIDSTREAM
INSURANCE MARKET UPDATE

The insurance market for midstream assets in 2026 is anticipated to experience an increase in available capacity, as both the upstream and downstream markets aim to maintain or expand their market share. This shift reflects a growing interest in a segment of the energy insurance market that has demonstrated strong performance over the past five years.

The midstream insurance market is expected to continue softening, with high-quality buyers likely to benefit from low double-digit premium reductions. Despite this, the total capacity of the midstream market remains approximately one-fifth of the upstream market, which is expected to contribute to greater stability in midstream pricing compared to its upstream counterpart.

As 2026 progresses, potential pressures on signings or the introduction of additional capacity into the market could lead to increased pricing competition. This is particularly relevant if the London market faces challenges in retaining its market share against domestic competitors. Buyers of midstream insurance are likely to benefit from cost savings and an expanded range of options in terms of leadership and carrier selection.

Both upstream and downstream underwriters are increasingly viewing midstream assets as an opportunity to mitigate pricing pressures within their respective sectors. Historically, upstream underwriters have been cautious about midstream risks; however, their growing knowledge and confidence in this robust segment of the energy insurance market have led to a shift in perspective.

04

DOWNSTREAM

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2026 DOWNSTREAM **MARKET OUTLOOK**

The downstream energy insurance market has experienced notable shifts over the past year. After what was thought to be a highly profitable and relatively loss-free period in 2024, 2025 has been marked by a pronounced softening of rates. This trend, however, has coincided with an increase in loss activity, particularly across the United States and Europe, leaving the downstream market delicately poised at the start of 2026.

Recent years have seen what many reinsurers refer to as a "rate correction," with terms and conditions in 2024 largely considered sustainable for the long term. The abundance of available capacity and reinsurers' desire to maintain, and even grow, premium volumes led to steady rate reductions throughout 2025, reaching their peak in the final quarter. Rate softening has been widespread, with reductions of up to 20% for well-engineered, loss-free risks with low natural catastrophe exposure.

However, significant loss events — most notably the PBF Martinez incident — have pushed total loss reserves above USD4 billion, with some estimates suggesting losses for 2025 could reach USD5 billion. This is set against an estimated global premium pool of USD3.5 billion to USD3.75 billion for the year. Major losses have predominantly affected US facilities, while Europe has seen notable incidents such as the Bayernoil Refinery fire in Germany (USD757 million) and the MOL Group Refinery incident in Hungary (USD450 million).

The significant rate reductions of 2025 have sparked debate around rate adequacy. While the market had previously undergone years of correction, reinsurers are now expected to resist further downward pressure on rates. Nevertheless, oversupply of capacity, competitive pressures and the need to maintain premium income are likely to limit any significant slowdown in rate reductions. The soft market environment is expected to persist through the first quarter of 2026 and potentially beyond, subject to ongoing loss activity.

Favorable conditions have led to a rise in longer-term policy placements. However, these deals are increasingly scrutinized, with some being cancelled and replaced mid-term as market conditions evolve. Enhanced No Claims Bonuses and Risk Management Credits remain prevalent, further influencing premium levels.

Broker facilities — particularly in the midstream sector — are exerting additional pressure on open market placement shares, challenging reinsurers' premium income and competitiveness. While overall capacity remains robust, more reinsurers are stepping forward as lead markets, intensifying competition and fueling further rate softening.

Current conditions offer buyers the opportunity to secure broader coverage while benefiting from reduced premiums. Many reinsurers have relaxed policy conditions, allowing insureds to extend protections without increasing costs. However, retentions remain firm, and while this may be seen as a positive for reinsurers, the real value of property retention levels has diminished over time due to inflation.

- **USA:** Major losses, including those at PBF Martinez and Marathon Petroleum, have tempered the rate of softening compared to the London market.
- **DIFC/MENA:** The market has seen fewer losses, increased capacity and minimal exposure to natural catastrophes. Rate reductions here have outpaced those in London and Europe by up to 10%. New entrants such as Starr and HCC have bolstered leadership capabilities in 2025, and additional players, including Markel, are anticipated in 2026. This development could see the MENA market become more autonomous, with all but the largest risks retained locally.
- **Asia:** As with DIFC/MENA, the Asian market has not experienced any significant losses, and rate reductions are generally in excess of those seen in London and Europe. Regional capacity remains stable; however, reinsurers have aggressive premium growth targets, resulting in a highly competitive environment. It is widely expected the soft market conditions will continue during the first half of 2026.

As we enter 2026, the loss activity of the previous year is likely to influence a slowdown in rate softening. However, abundant capacity, ongoing pressure on premium income, increased local retentions and a greater reliance on facility placements mean that, after a predicted subdued start, the pace of rate reductions could accelerate through the first and second quarters of 2026. The trajectory will be shaped by treaty reinsurance renewals and any further loss activity, both of which could significantly impact market trends in the early part of the year.

TOP TEN LARGEST DOWNSTREAM ENERGY LOSSES IN 2024

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/ CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ACTUAL USD	TOTAL/ ACTUAL USD
09/17/2024	Europe	Greece	Peloponnese	Land	OP	Refinery	Crude unit	Distillation: atmospheric	Fire + explosion/VCE	148,000,000	388,000,000	536,000,000
09/19/2024	North America	USA	Louisiana	Land	Maint	Petrochemical	Olefins	Heat exchanger	Fire no explosion	50,000,000	129,782,000	179,782,000
09/29/2024	North America	USA	Texas	Land	OP	Chemical	Inorganic Chemicals	Reformer	Fire + explosion/VCE	72,100,000	101,000,000	173,100,000
11/27/2024	Africa	Algeria	Illizi Province	Land	OP	Gas plant	Gas processing	Equipment	Fire + explosion/VCE	131,000,000		131,000,000
05/06/2024	North America	USA	Oklahoma	Land	OP	Petrochemical	Olefins	Various	Windstorm	41,000,000	50,000,000	91,000,000
01/17/2024	North America	USA	Texas	Land	Su/d	Gas plant	LNG	Cooling system	Mechanical failure	20,000,000	70,600,000	90,600,000
07/28/2024	Far East	South Korea	Ulsan	Land	OP	Petrochemical	Aromatics		Fire no explosion	25,000,000	47,000,000	72,000,000
07/07/2024	North America	USA	Texas	Land	OP	Petrochemical	Olefins	Turbine Steam	Fire no explosion	37,000,000	20,500,000	57,500,000
07/29/2024	Africa	Algeria	Arzew	Land	OP	Chemical	Inorganic Chemicals	Ammonia	Mechanical failure	5,000,000	50,970,272	55,970,272
11/25/2024	Eastern Europe	Turkey	Izmir	Land	OP	Refinery	Secondary process	Furnace	Fire + explosion/VCE	5,000,000	50,214,200	55,214,200

Total 2024 Downstream Losses (97): **USD2,407,036,442**
Total Top Ten Losses: **USD1,442,166,472 = 60%**
Operational (78): **USD1,953,648,142**
Construction (19): **USD438,597,900**

Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

TOP TEN LARGEST DOWNSTREAM ENERGY LOSSES IN 2025

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/ CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ACTUAL USD	TOTAL/ ACTUAL USD
02/01/2025	North America	USA	California	Land	Maint	Refinery	Secondary process	Hydrocracker	Fire + explosion/VCE	525,000,000	525,000,000	1,050,000,000
01/17/2025	Europe	Germany	Bavaria	Land	Maint	Refinery	Secondary process	Hydrocracker	Fire + explosion/VCE	154,000,000	603,000,000	757,000,000
02/09/2025	North America	USA	Pennsylvania	Land	OP	Chemical	Resins/paint/ adhesives		Fire + explosion/VCE	150,000,000	350,000,000	500,000,000
05/07/2025	North America	USA	Alabama	Land	OP	Refinery	Secondary process	Coker	Fire + explosion/VCE	60,000,000	150,000,000	210,000,000
06/14/2025	North America	USA	Texas	Land	OP	Refinery	Secondary process	Hydrotreater	Fire no explosion	80,000,000	55,000,000	135,000,000
07/04/2025	Eastern Europe	Czech Rep	Litvinov	Land	OP	Refinery	Secondary process	Compressor	Supply interruption	22,000,000	112,000,000	134,000,000
03/07/2025	South America	Argentina	Bahia Blanca	Land	OP	Gas plant	Gas processing		Flood	71,000,000	6,100,000	77,100,000
02/12/2025	North America	USA	Wyoming	Land	Su/d	Refinery	Crude unit	Heater	Fire + explosion/VCE	30,500,000	43,300,000	73,800,000
04/08/2025	North America	USA	North Dakota	Land	OP	Pipeline	Pipeline		Ruptured pipeline	72,000,000		72,000,000
05/26/2025	South America	Ecuador	Esmeraldas	Land	OP	Refinery	Refinery	Storage tank	Fire no explosion	67,000,000		67,000,000

Total 2025 Downstream Losses (37): **USD3,504,936,716**
Total Top Ten Losses: **USD3,008,900,000 = 86%**
Operational (31): **USD1,603,086,716**
Construction (6): **USD1,901,850,000**

Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

05

POWER

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2026 POWER
MARKET OUTLOOK

The operational power market continued to favor buyers into 2026, with conditions remaining soft and dynamic. The sector's evolution has yielded some of the most advantageous market conditions for insureds in recent years, supported by rate reductions, increased competition and significant coverage enhancements.

Market rates have continued their downward trajectory, driven by heightened competition among both new entrants and established insurers. Notable newcomers such as The Hartford, Volt and Joule (Ascot) have joined traditional renewable energy markets and incumbent insurers in vying for market share. In response, incumbent markets are increasingly willing to underwrite larger shares on programs to offset the impact of rate reductions and maintain their positions on key accounts.

This competitive landscape has contributed to sustained rate suppression. Brokers now have access to multiple lead market options for both North American and international business, enabling them to strategically leverage market competition and secure optimal terms and conditions for clients.

Traditional renewable energy insurers, including Aviva and Axis, have exhibited greater appetite for portfolio diversification by underwriting more conventional power generation business. This diversification has expanded market capacity and is anticipated to continue through 2026. Notably, Canopius has appointed Nick Whettem, formerly of Zurich, to spearhead growth initiatives in the power generation sector.

The prevailing soft market has led to widespread availability of enhanced coverage extensions. Clients benefit from options such as long-term agreements, no-claims bonuses (NCBs), reduced retentions and lower sub-limits, all of which deliver additional value, flexibility and choice.

The ongoing boom in artificial intelligence is driving a surge of new projects worldwide, both under construction and operational, presenting substantial opportunities for the construction, power, renewables, and direct and facultative (D&F) property markets. Our in-depth expertise in these areas enables us to deliver tailored solutions for power generation clients and the rapidly expanding data center segment across both construction and operational phases.

In the latter half of 2025, capacity for coal-related projects notably increased. Lloyd's decision in September to cease discouraging insurers from underwriting coal and other fossil fuel projects — emphasising the importance of maintaining neutrality — prompted several syndicates to renew their interest in coal opportunities. This marked the first significant capacity expansion in the coal market for over five years.

While the full impact of Hurricane Melissa remains under assessment, 2025 was relatively benign regarding natural catastrophe losses. Reports from the recent treaty renewals on January 1, 2026, suggest that there was sufficient capacity in the reinsurance market to not have a detrimental pricing and capacity effect on the direct market. This outlook reinforces expectations that the current soft market conditions will persist into the foreseeable future, continuing to benefit buyers.

In summary, the operational power sector in H1 2026 presents a wealth of opportunities for buyers. The combination of competitive pricing, expanded capacity, enhanced coverage options and new growth areas — such as those driven by AI and evolving fossil fuel policies — positions insureds to secure favorable terms and robust protection in a dynamic market environment.

TOP TEN LARGEST POWER ENERGY LOSSES IN 2024

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/ CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ACTUAL USD	TOTAL/ ACTUAL USD
06/29/2024	North America	Canada	New Brunswick	Land	Maint	Power Nuclear	Nuclear	Generator	Unknown	73,000,000	116,000,000	189,000,000
04/16/2024	Middle East	UAE	Dubai	Land	OP	Power Renewable	Solar	Solar panels	Windstorm	101,000,000	32,100,000	133,100,000
05/09/2024	North America	USA	Texas	Land	OP	Power Renewable	Solar	Solar panels	Windstorm	63,500,000	5,500,000	69,000,000
01/29/2024	Europe	UK	Northumber-land	Land	OP	Power Renewable	Biomass	Generator	Mechanical failure	13,800,000	38,500,000	52,300,000
08/17/2024	Far East	Philippines	Leyte	Land	OP	Power Renewable	Geothermal	Turbine Steam	Mechanical failure	5,000,000	46,000,000	51,000,000
12/06/2024	Europe	Netherlands	Rotterdam	Land	OP	Power T&D	T&D	Cable (elec/control)	Unknown	18,480,000	21,550,000	40,030,000
02/06/2024	Middle East	Saudi Arabia	Eastern Province	Land	OP	Power Thermal	Gas	Turbine Steam	Unknown	9,000,000	31,000,000	40,000,000
12/07/2024	Europe	Ireland	Co. Antrim	Land	OP	Power Thermal	Gas	Structure	Windstorm	26,100,000	12,700,000	38,800,000
05/19/2024	Middle East	Saudi Arabia	Eastern Province	Land	OP	Power Thermal	Gas	Turbine Steam	Mechanical failure	9,000,000	27,500,000	36,500,000
07/08/2024	Far East	Philippines	Leyte	Land	OP	Power Renewable	Geothermal	Turbine Steam	Mechanical failure	4,400,000	32,000,000	36,400,000

Total 2024 Power Losses (109): **USD1,373,887,022**
Total Top Ten Losses: **USD1,089,080,300 = 79%**
Operational (81): **USD994,636,654**
Construction (28): **USD379,250,368**

Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

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TOP TEN LARGEST POWER ENERGY LOSSES IN 2025

DOL	AREA	COUNTRY	LOCATION	LAND/ OFFSHORE	OP/ CAR	CATEGORY 1	CATEGORY 2	CATEGORY 3	CAUSE	PD/ACTUAL USD	BI/ACTUAL USD	TOTAL/ ACTUAL USD
01/10/2025	South America	Argentina	Mendoza	Land	OP	Power Renewable	Hydro	Various	Flood	74,750,000	8,400,000	83,150,000
03/21/2025	Europe	UK	Middlesex	Land	OP	Power T&D	T&D	Substation	Fire no explosion	41,366,400	9,380,000	50,746,400
06/25/2025	Europe	Italy	Piedmont	Land	OP	Power Thermal	Gas	Transformer	Fire no explosion	7,753,000	34,260,000	42,013,000
01/10/2025	Far East	Pakistan	Punjab	Land	OP	Power Thermal	Gas	Turbine Gas	Unknown	37,500,000		37,500,000
03/15/2025	North America	USA	Mississippi	Land	OP	Power Renewable	Solar	Solar panels	Windstorm	29,500,000	5,500,000	35,000,000
02/21/2025	Far East	Japan	Tohoku Region	Land	OP	Power Renewable	Solar	Solar panels	Ice/snow/freeze	20,227,870	9,350,000	29,577,870
06/01/2025	South America	Peru	Lima	Land	OP	Power Thermal	Gas	Turbine	Unknown	21,500,000		21,500,000
01/28/2025	Europe	Ireland	Dublin	Land	OP	Power Thermal	Gas	Turbine Steam	Fatigue	8,470,700	8,869,530	17,340,230
04/03/2025	Europe	UK	North Sea	Offshore	OP	Power T&D	T&D	Cable (elec/control)	Unknown	16,400,000		16,400,000
05/12/2025	Europe	Germany	North Sea	Offshore	OP	Power Renewable	Wind	Cable (elec/control)	Faulty work/op error	11,100,000	5,100,000	16,200,000

Total 2025 Power Losses (28): **USD416,245,790**
Total Top Ten Losses: **USD399,913,200 = 96%**
Operational (26): **USD412,465,790**
Construction (2): **USD3,780,000**

Losses are incurred in actual amounts, as reported, not indexed, sourced from the Willis Towers Watson's energy industry loss database for ground-up losses of USD1 million or more at the time of loss. Note that 2024 figures are subject to further development, both in terms of frequency and severity of losses as of November 25, 2025.

06

RENEWABLES

ALESCO

RENEWABLE ENERGY **INSURANCE: TRENDS AND DEVELOPMENTS FOR 2026**

The outlook for the renewable energy insurance market in 2026 remains positive, with expectations that the current trends of rate reductions and expanded coverage seen in 2025 will continue as the market evolves.

Despite ongoing challenges such as technology supply chain delays, planning deferrals and more stringent financing considerations, the renewable energy sector is advancing at a remarkable pace. China continues to lead the world, both in manufacturing — producing 92% of global solar modules and 82% of wind turbines — and in setting ambitious targets for installed clean energy capacity. This progress is generating significant interest and premium flows within the global insurance market, as insurers seek to support these world-leading initiatives.

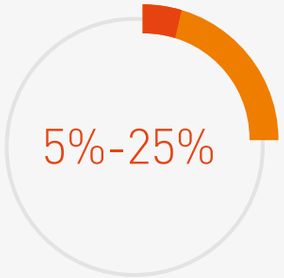
The influx of new carriers into the renewable energy insurance space during 2024 and 2025 has brought increased capacity and greater competition. Most insurers are either increasing their participation or are now able to offer lead quotations. This development ensures clients have more choice, fostering a fairer and more competitive marketplace for new business opportunities. Portfolios that benefit from a diverse mix of technologies, asset ages and geographic locations are seeing the largest premium rate reductions as a result.

The solar sector in the United States experienced lower than expected severe convective storm (SCS) losses in 2025 compared to the previous year. This has encouraged insurers to compete more actively, even for risks exposed to natural catastrophe perils. London market insurers, who typically write 60% to 70% of their premiums from North American insureds, are likely to continue expanding sub-limits for SCS and other catastrophe exposures in line with probable maximum losses (PMLs).

Innovations in risk mitigation technology — such as hail stow systems and advanced racking and module testing — are also influencing premium rates. Where such measures are implemented, catastrophe loadings are likely to be revised, broadening the range of premium rates available for the diverse spread of US assets.

Onshore wind projects now commonly feature turbines in the 8-megawatts to 10-megawatts range. While premium rates fell by 5% to 15% during 2025, the introduction of new technologies has tempered further reductions, providing a stabilizing effect. Deductibles are being set within a broad range, depending on the size of wind turbine generator (WTG) models, now spanning from 0.5 megawatt to 10 megawatts. We anticipate a rise in the number of options requested, with pricing differentials reflecting insurer risk perceptions, lender requirements and insureds' sensitivity to price versus coverage.

Battery Energy Storage Systems (BESS) saw the most significant rate reductions in 2025, driven by improved technology performance and reduced fire risks.



This competitive environment resulted in "market corrections" of 20% to 40%, with future reductions expected to stabilize and align with those seen in wind and solar — typically in the range of **5% to 25%.**

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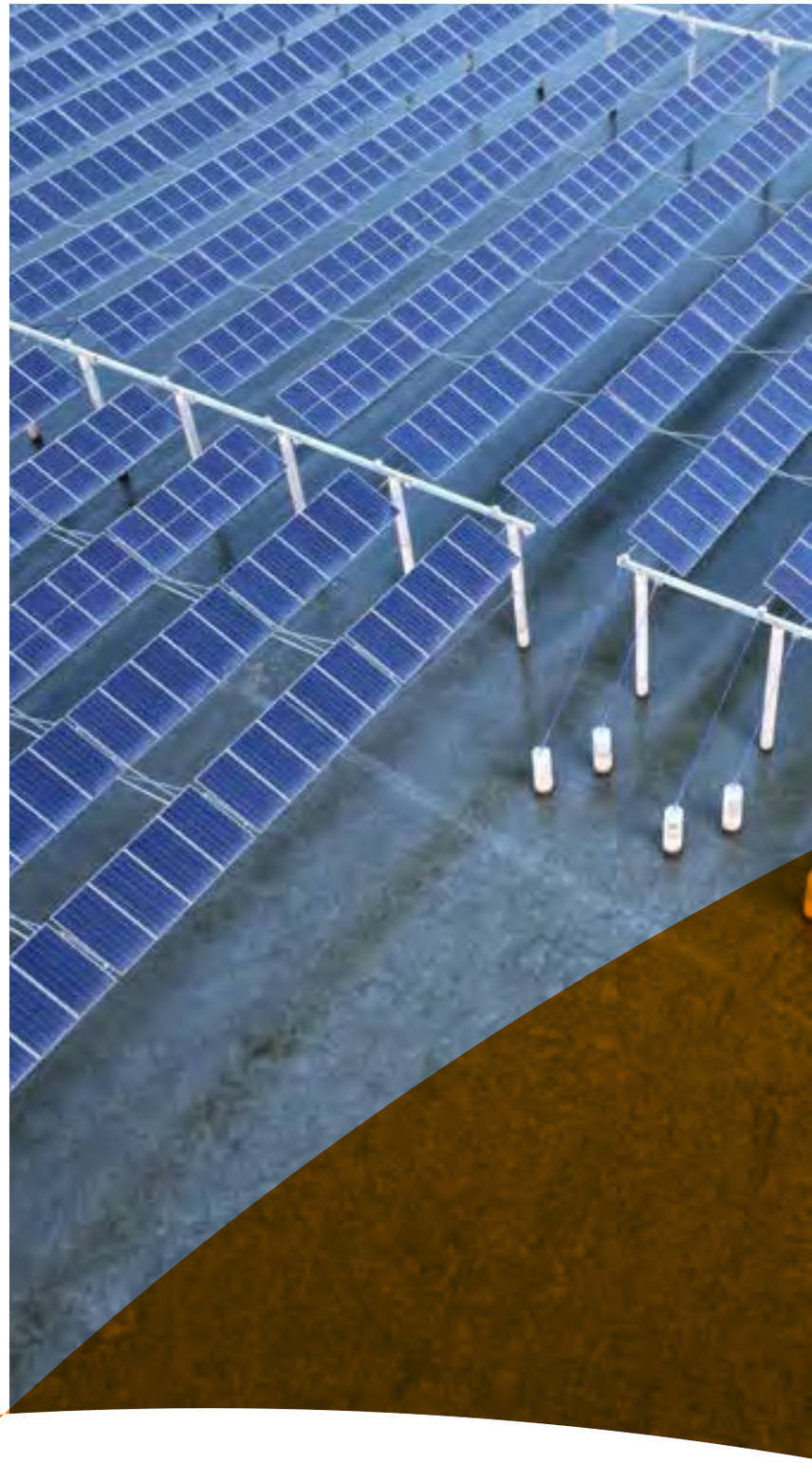
Floating offshore wind technology is transitioning seamlessly from demonstration to commercial scale, with the insurance market increasingly able to support these projects, provided that project certification milestones are achieved. Forward planning for in situ maintenance and tow-to-port provisions remains essential to reducing insurance costs and demonstrating robust risk mitigation — both critical factors for insurer confidence.

In summary, the renewable energy insurance market is evolving with increased competition, innovative technologies and a more diverse risk landscape, all of which are contributing to continued rate reductions and enhanced coverage options for clients in 2026.



07

CASUALTY

2026 ENERGY CASUALTY MARKET OUTLOOK

USA

At the start of 2026, the London insurance market continues to experience growth in US energy liability opportunities, reflecting a distressed and constrained US domestic market. The most significant growth is seen in the first USD25 million of insureds' coverage towers, especially those seeking general liability and lead umbrella coverage — benefiting from increased competition in London. Previously, domestic insurers dominated these segments, but London is now emerging as a preferred alternative with multiple quoting markets available.

Although the upward trajectory of US energy liability placements in London persists, the rate of premium increases is beginning to stabilize. Upstream-focused underwriters reported modest rate rises of around 2% for the latter half of 2025, while downstream and midstream risks placed with London markets experienced single-digit increases, typically between 6% and 7%.

Distressed placements, particularly those affected by adverse back-year loss deterioration, continue to experience double-digit rate rises. These increases are largely driven by elevated claims costs, with significant settlements — especially those involving personal injury or major pollution events — contributing to the trend. Auto-related exposures remain a particular challenge, with unpredictable claims patterns complicating risk assessment.

Despite these pressures, the London market remediation efforts since the end of the soft market are yielding positive results. Insurers are managing losses more effectively by deploying smaller line sizes, thereby limiting exposure to higher excess layers. Markets with diversified portfolios spanning onshore and offshore risks are proving resilient, supported by a balanced risk spread. Appetite continues to be strong for insureds with smaller auto schedules, and there is a continued preference for lower layers of coverage, especially for Exploration and Production (E&P) companies compared to oil and gas contractors. Additionally, traditional upstream-focused markets are broadening their scope to include midstream and downstream sectors, though with a disciplined and cautious approach.

The US energy casualty sector remained selective, in contrast to the generally softer conditions elsewhere in the insurance market as 2025 concluded. Insurers are applying greater scrutiny to process safety, maintenance practices and transition risks. It is essential for brokers to highlight key differentiators in their clients' risk management strategies to secure optimal terms and outcomes.

The most significant growth is seen in the first

USD25 million

of insureds' coverage towers, especially those seeking general liability and lead umbrella coverage.

INTERNATIONAL (NON-US)

The international energy casualty market has shown signs of increased softening as we entered 2026. The sector is seeing a rapid influx of new underwriting entrants, while established insurers contend with higher staff turnover, as underwriters are attracted to opportunities at start-ups or in more senior roles. This environment is contributing to notable rate reductions, particularly for attractive business originating from Canada and Australia.

For insureds not seeking higher coverage limits, there may be opportunities to restructure casualty towers by assembling panels of new insurers, especially when incumbent markets are unable to offer renewal terms acceptable to clients.

The London market is facing heightened competition from sophisticated local and domestic markets, necessitating larger rate reductions to retain business where local casualty offerings are robust. Early indications at the January 1, 2026, casualty reinsurance renewals suggested improved pricing for buyers, which should enhance brokers' negotiating leverage with international casualty markets in the year ahead.

08

EVEREN RECENT DEVELOPMENTS AND MARKET INTELLIGENCE

Gallagher has been actively involved in observing Everen's developments for the past 30 years and has occasionally provided consultancy advice, specifically regarding the Rating & Premium Plan and capital modelling.

Key financial highlights as of December 31, 2024, include:

- Total Shareholders' Equity: USD3.918 billion (compared to USD4.001 billion on December 31, 2023).
- Written premiums: USD496 million (December 31, 2024); USD541 million (December 31, 2023).
- Investment income for 2024: USD351 million.
- Dividend paid: USD350 million in 2025.

Everen increased their coverage limit from USD400 million to USD450 million as of January 1, 2022, with the aggregation limit also rising from USD1.2 billion to USD1.35 billion.

The final loss positions in 2024 have led to flat premiums in 2025 and a stable TWP position for most members. However, it is anticipated that there will be a cash premium increase in the near future as Everen premiums are currently reflecting a very low level of five-year pool loss activity.

CURRENT MEMBERSHIP NOW STANDS AT 74 MEMBERS

NEW MEMBERS OVER THE PAST FIVE YEARS WERE:

2020

United Refining; Pembina Pipelines; Ecopetrol; Federated Co-operative

2021

North West Redwater Partnership; Formosa Plastics Corporation, Edison International; Los Angeles Department of Water and Power

- During this time, Husky was acquired by Cenovus.

2022

CEZ

- Billiton Americas Inc. departed.

2023

Xcel Energy Inc., Inpex, Ergon Inc.

2024

National Grid, Meridian, Contact Energy and South Bow were welcomed.

2025

Neste, Genesis Energy

The Everen pool is continuing to expand, with a focus on adding more international (non-US) members and diversifying into the lower-risk power and renewable sectors. This strategy aims to benefit long-standing members by increasing the pool premium and reducing risk and volatility.

Everen are taking a different approach to renewables with the introduction of several new business sectors, bringing the total to sixteen.

Everen adjusted the individual member experience modifier (EM) in 2025. The new EM now triggers, based upon a five-year cumulative paid loss ratio above 150%, a maximum additional premium of 50% per annum or 250% in total. The previous EM was triggered by a three-year incurred loss ratio above 150% and subject to a maximum additional premium of 25% per annum or 75% in total.

CURRENT EVEREN MEMBERS: 74

AS OF OCTOBER 2025

Australasia (7)

Beach Energy Limited
Santos Ltd
Origin Energy Limited
Woodside Energy Group Ltd.
Meridian
Contact Energy
Genesis Energy

Canada (12)

Bruce Power L.P.
Canadian Natural Resources Ltd.
Cenovus Energy Inc.
Federated Co-operatives Limited
Inter Pipeline Ltd
North West Redwater Partnership
NOVA Chemicals Corporation
Paramount Resources Ltd.
Pembina Pipeline Corporation
South Bow
Suncor Energy Inc.
TransCanada Pipelines Limited

Europe (17)

BASF SE
CEPSA
CEZ. a.s.
Electricité de France S.A. (EDF)
Eni S.p.A.
Equinor ASA
Galp Energia SGPS S.A.
LyondellBasell Industries N.V.
National Grid
MOL Hungarian Oil and Gas Public Limited Company
Neste
OMV Aktiengesellschaft
Orsted A/S
Repsol S.A.
Royal Vopak N.V
TotalEnergies SE
Yara International ASA

Latin America (3)

Braksem S.A.
Ecopetrol S.A.
Puerto Rico Electric Power Authority (PREPA)

United States (33)

APA Corporation
Arena Energy LLC
Buckeye Partners L.P.
Chevron Phillips Chemical Company LLC
Chevron Corporation
CITGO Petroleum Corporation
Colonial Enterprises Inc.
ConocoPhillips
Delek US Holdings Inc.
Drummond Company Inc.
DTE Energy Company
Edison International
Energy Transfer LP
Ergon Inc.
Formosa Plastics Corporation U.S.A
Hess Corporation
HF Sinclair
LOOP LLC
Los Angeles Department of Water & Power
Marathon Oil Company

United States (continued)

Marathon Petroleum Corporation
Motiva Enterprises LLC
Murphy Oil Corporation
Occidental Petroleum Corporation
Phillips 66 Company
Plains All American Pipeline LP
Portland General Electric Company
Sempra
The Williams Companies Inc.
United Refining Company
Valero Energy Corporation
Westlake Chemical Corporation
Xcel Energy Inc

Asia (2)

CNOOC Limited
INPEX Corporation

CONCLUSION — STRATEGIC INFLECTION?

As we enter 2026, the Energy, Casualty, Power and Renewables market remains strongly tilted in favor of insureds.

A combination of abundant underwriting capacity, softening pricing pressure on upstream and expanding interest in insuring renewables establishes a favorable buy-side environment.

Carriers are offering continued premium reductions, especially for well-structured, low-loss or newly constructed renewable and clean-energy projects. Insurers also appear increasingly open to underwriting risks that might have been marginal or challenging only a few years ago (e.g., wind farms, battery storage and green-hydrogen facilities).

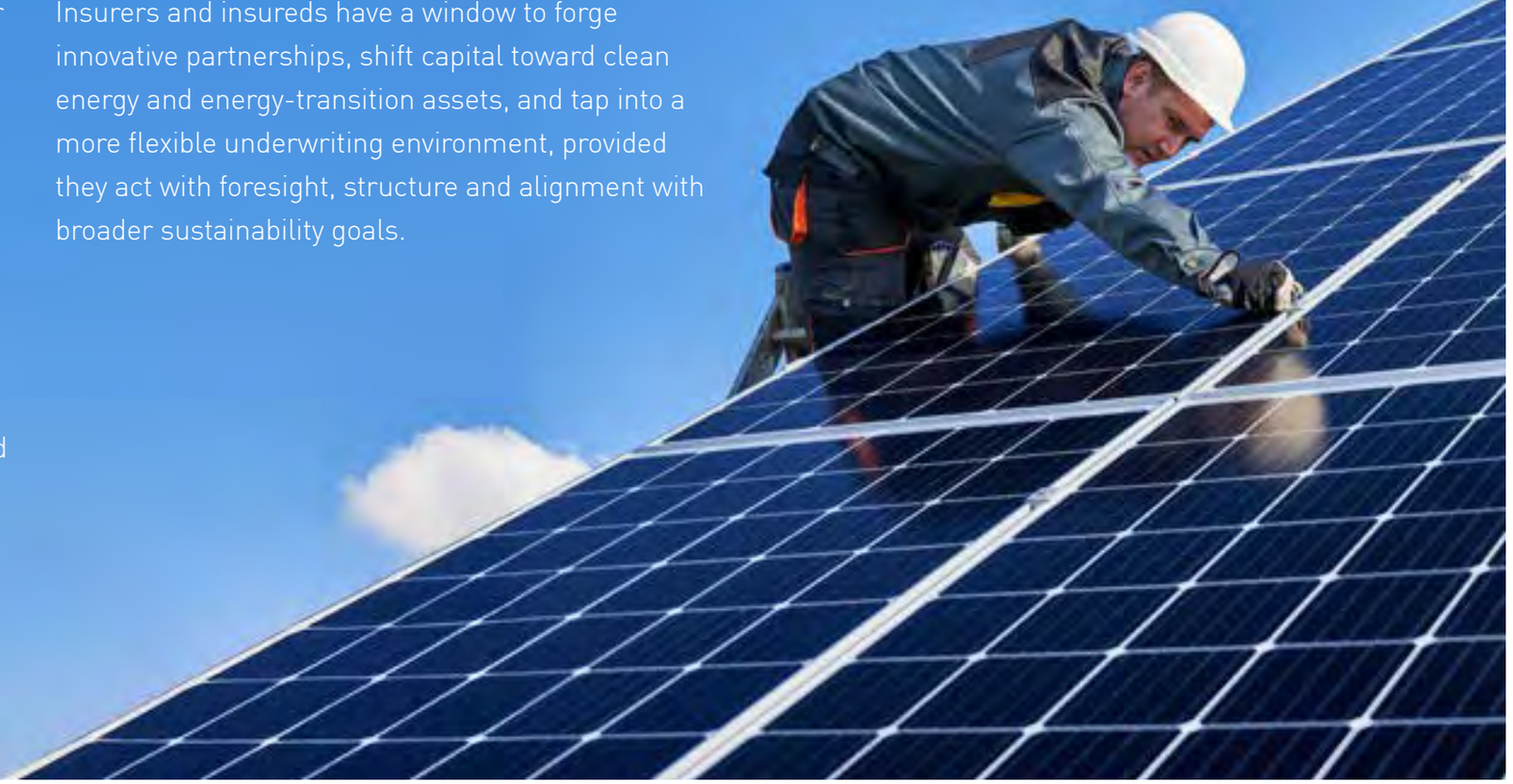
At the same time, given the weaker fundamentals in upstream (oversupply, downward-pressured prices and slower drilling activity), insurers may remain cautious about supporting aggressive expansion.

This shift suggests a rebalancing of risk appetite away from traditional oil and gas toward a diversified portfolio including renewables and transitional energy infrastructure (e.g., LNG, energy storage and hybrid power projects).

For buyers, the key to unlocking value in this market is a strong risk-management discipline, accurate asset valuations, and alignment with ESG and energy-transition objectives.

Entities seeking to secure coverage should work closely with experienced advisors to structure their traditional and ART coverage in a way that reflects both the evolving risk landscape and the opportunity in lower-cost, higher-capacity renewable-related underwriting.

Overall, 2026 presents a strategic inflection point. Insurers and insureds have a window to forge innovative partnerships, shift capital toward clean energy and energy-transition assets, and tap into a more flexible underwriting environment, provided they act with foresight, structure and alignment with broader sustainability goals.



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