IAIS International Association of Insurance Supervisors

Global Insurance Market Report (GIMAR)

MID-YEAR UPDATE

June 2025

About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

Established in 1994, the IAIS is the international standard-setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also provides a forum for members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB), and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard-setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

For more information, please visit www.iais.org and follow us on LinkedIn: IAIS – International Association of Insurance Supervisors.

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About the GIMAR

The Global Insurance Market Report (GIMAR) reports on the outcomes of the IAIS' Global Monitoring Exercise (GME). The GME is the IAIS' framework for monitoring risks and trends in the global insurance sector and assessing the possible build-up of systemic risk. This is the mid-year update for the GIMAR 2025.

Contents

1. Introduction

The mid-year Global Insurance Market Report (GIMAR) presents the interim findings of the IAIS' 2025 Global Monitoring Exercise (GME) ahead of the year-end GIMAR publication.

This report offers a preliminary analysis of global macro-financial trends, as well as insights into solvency, liquidity and profitability developments within the global insurance sector. It also provides aggregate systemic risk scores and highlights key focus areas of the 2025 GME. Against a backdrop of ongoing uncertainty in the global macro-financial environment, the IAIS will maintain a strong focus on assessing trends and addressing the build-up of risks in the insurance sector. Priority areas for the 2025 GME include:

1. Geoeconomic fragmentation impacting insurers' management of assets and liabilities;
2. Insurers' increased investment in private credit; and
3. Insurers' adoption and governance of artificial intelligence (AI).

This mid-year update is based on preliminary GME 2025 data collected up to June 2025.[1] Results are subject to change in the 2025 year-end GIMAR. The dataset includes the 2025 individual insurer monitoring (IIM) data, applicable to insurance groups meeting the Insurer Pool criteria[2] – consisting of 57 of the largest international insurance groups from 18 jurisdictions – and the qualitative sector-wide monitoring (SWM) data, covering aggregate insurance market data collected from IAIS members and comprising more than 90% of global gross written premiums. Quantitative SWM data will feature in the year-end GIMAR.

1 The quantitative GME 2025 data has year-end 2024 as a reference date (except for one jurisdiction with a financial year ending in March instead of December). The qualitative GME 2025 component also has a forward-looking perspective, focusing on expected developments in 2025 and 2026.

2 The Insurer Pool criteria, as outlined in the GME document, are: total assets of more than $65 billion and a ratio of premiums from jurisdictions outside the home jurisdiction to total premiums of 5% or more, or total assets of more than $215 billion and a ratio of premiums from jurisdictions outside the home jurisdiction to total premiums greater than 0%, or jurisdictional discretion ($ refers to United States dollars).

2. Global macro-financial developments

The global economic outlook faces challenges due to high levels of uncertainty and volatility in financial markets, which may pose risks for insurers.

While inflation has eased and global economic growth stabilised at 3% in 2024, escalating trade tensions in 2025 have unsettled markets and weakened confidence.

Global growth is now projected to slow to 2.8% in 2025 before recovering to 3% in 2026, falling short of earlier forecasts.[3]

Advanced economies face elevated public debt and rising interest rates, driven by pandemic-era fiscal measures, geopolitical tensions and monetary tightening. Similarly, emerging markets and developing economies (EMDE) are grappling with inflation risks and mounting debt burdens that are worsened by rising debt service costs and limited fiscal space.

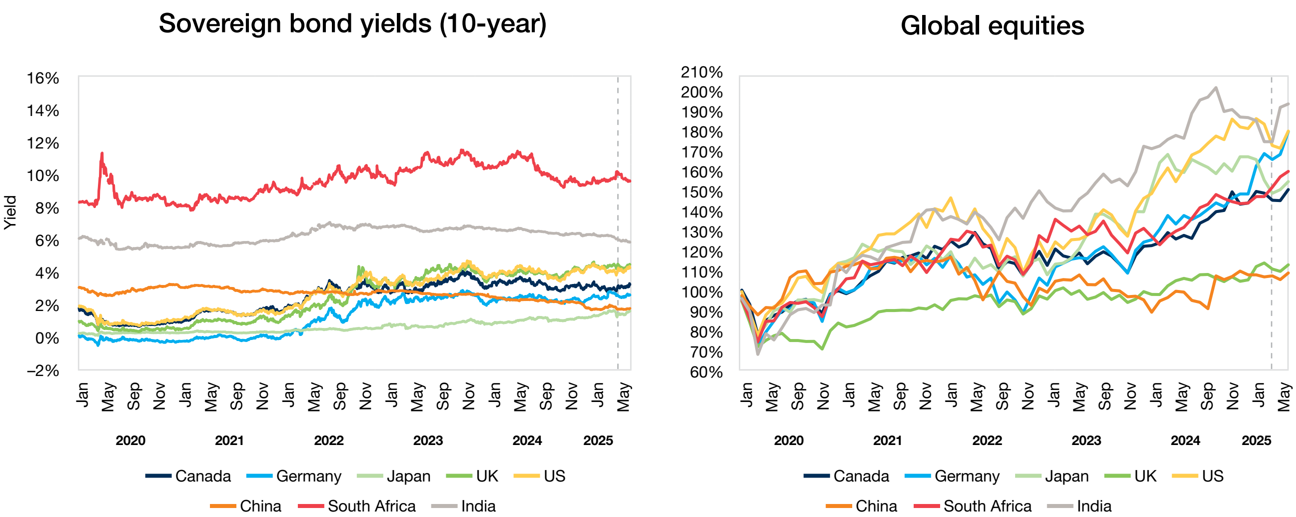
In April 2025, trade tensions caused global equity markets to shed over $10 trillion in value at their lowest point,[4] alongside a surge in volatility in corporate bond spreads and a drop in asset and commodity prices amid concerns over an economic slowdown. Although financial markets rebounded following the decline observed in April (Figure 1), heightened uncertainty and volatility underscore fragilities within the global economy.

Global growth is expected to slow in 2025 as pressures weigh on both advanced and emerging economies, with a modest recovery expected the following year.

3 International Monetary Fund. World Economic Outlook. April 2025.

4 Bloomberg data.

FIGURE 1



Source: Bloomberg, equity prices are rebased to 100 in January 2020

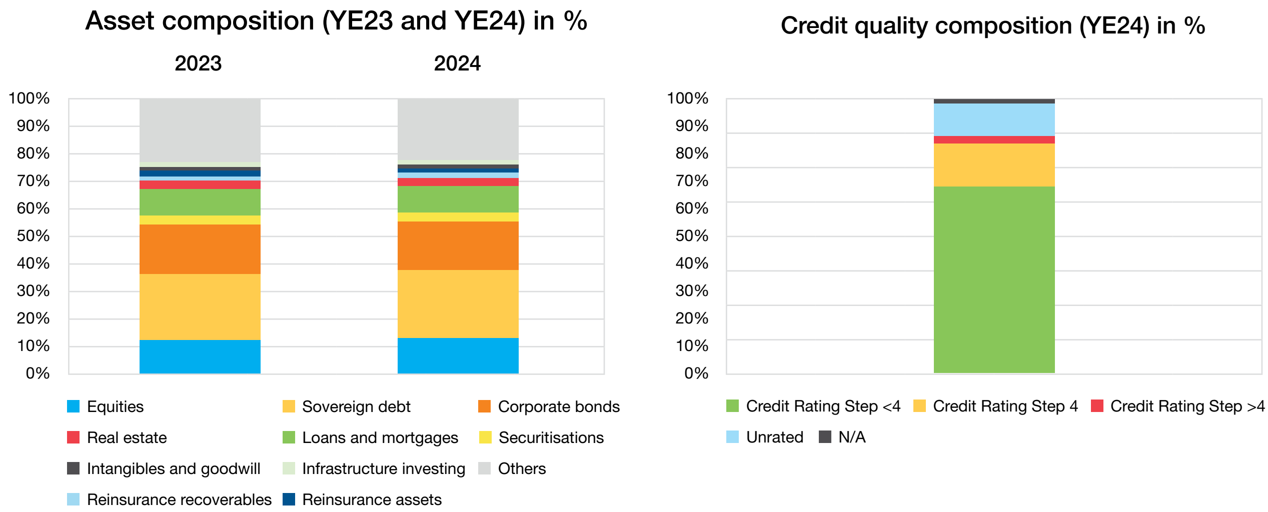
Disruptions to financial markets can create reinforcing feedback loops and spillover effects, negatively impacting the real economy and key sectors, including insurance markets. For insurers, these dynamics could pose risks to both sides of their balance sheets, straining asset valuations, reducing investment income and complicating liability management.

Economic uncertainty further challenges the pricing, notably of long-term insurance products, as volatile inflation expectations complicate the assessment of future claim costs and volatile bond yields affect discount rates and investment returns, which, in turn, impact insurers' financial positions.

Insurance groups generally hold high-quality investment portfolios that are well diversified across geographies, sectors and asset classes (Figure 2). A well-diversified portfolio reduces concentration risks, enhances liquidity, stabilises total investment returns and helps insurers safeguard solvency positions.

Financial market disruptions and economic uncertainty could weaken insurers' balance sheets, posing challenges to pricing, liabilities and investment returns.

FIGURE 2[5]



Source: IIM 2025 – interim results

A well-diversified portfolio reduces concentration risks, enhances liquidity, stabilises total investment returns and helps insurers safeguard solvency positions.

[5] On the right-hand chart, credit rating step 4 corresponds to an investment grade, BBB-rating.

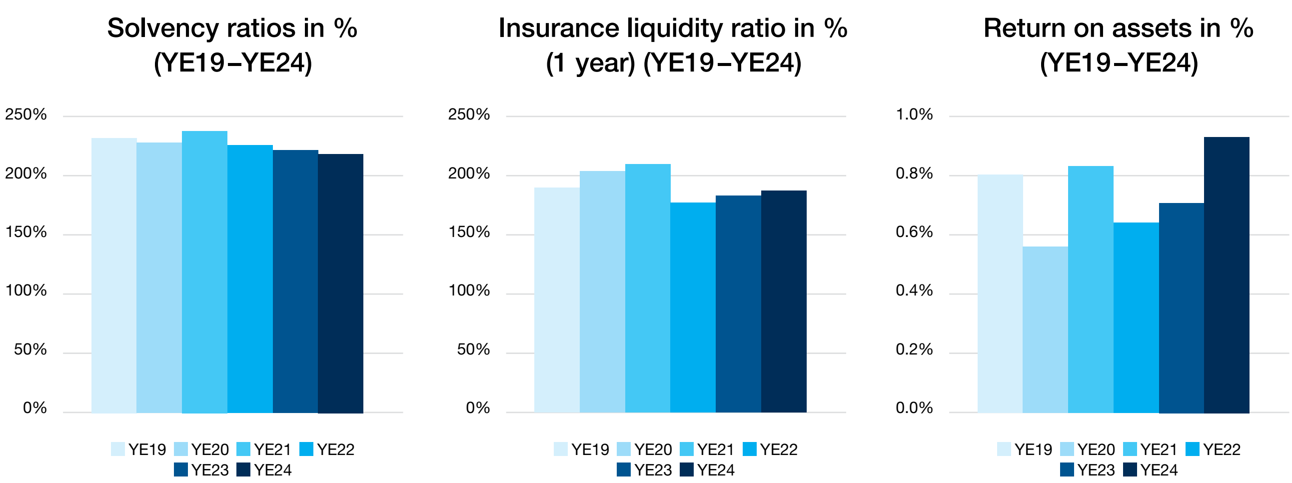
3. Solvency, liquidity and profitability

Aggregate participating insurers' solvency, liquidity and profitability positions were relatively stable in 2024.

Figure 3 highlights stable outcomes for aggregate solvency, liquidity and profitability positions among participating insurers in 2024, underscoring the sector's resilience. Strong operational performance and organic capital generation played a pivotal role in mitigating the impact of volatile interest rates, adverse market movements and geopolitical tensions in recent years.

Insurers also benefited from robust capital reserves, effective risk diversification across asset classes and geographies, and disciplined ALM. However, the performance was not uniform across the sector. Some insurers were affected by declining interest rates and widening bond spreads, straining solvency positions.

FIGURE 3



Source: IIM 2025 – interim results

In 2024, liquidity positions as measured through the insurance liquidity ratio (ILR) improved for many insurers, supported by changes to investment portfolios, reinsurance transactions and higher remittance.[6] However, some insurers liquidity positions decreased from dividend payments, share buybacks, increased allocations to illiquid assets and market volatility. Despite these headwinds, insurers maintained resilience through robust liquidity buffers and enhanced ILRs.

Return on assets also increased for most insurers, driven by positive asset portfolio returns, reinsurance transactions, enhanced subsidiary performance and cost management initiatives that increased returns and earnings. Nevertheless, some insurers faced pressures from market volatility, widening spreads and reduced cash reserves linked to dividend payments and share buybacks.

Even under these conditions, many insurers maintained stability through disciplined cost control and effective ALM. The 2025 year-end GIMAR will provide further insights into changes in insurers' solvency, liquidity and profitability positions, with analysis categorised by region and business model.

Despite challenging conditions, insurers maintained resilience through robust liquidity buffers and effective ALM.

6 Remittances typically refer to the transfer of funds from subsidiaries or operating entities to the parent company or holding company within the same insurance group. This tends to improve the overall liquidity position of the group.

4. Aggregate systemic risk scores

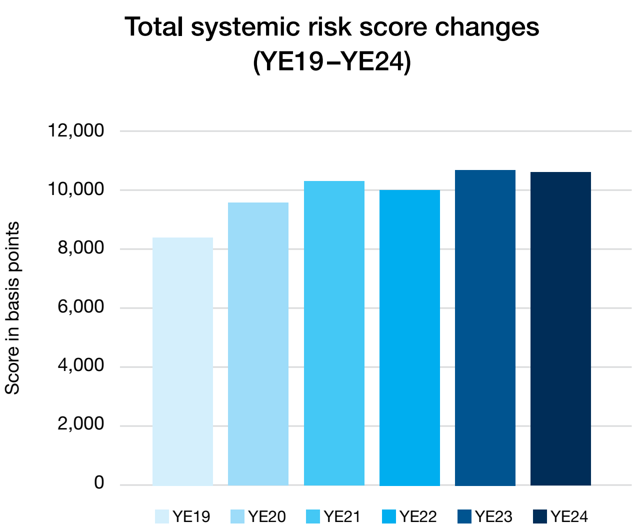
Aggregate IIM systemic risk scores remained stable at year-end 2024.

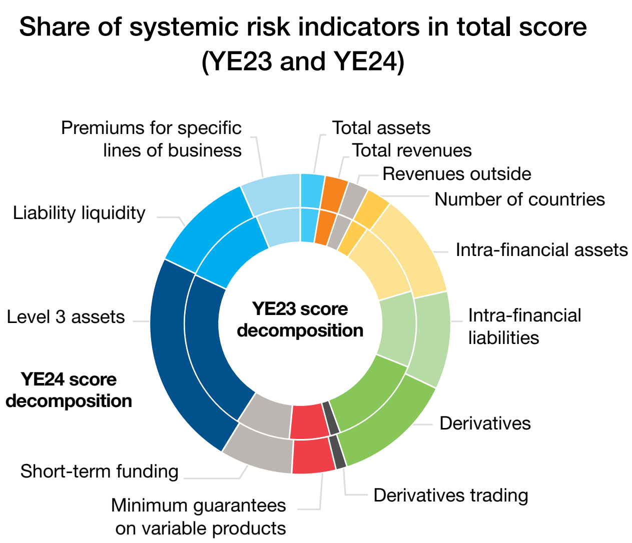
Aggregate systemic risk scores remained relatively stable in 2024, impacted by heterogeneous developments and offsetting effects across different systemic risk indicators.

Decreases in the score were driven by a reduction in the minimum guarantees on variable products indicator, as well as a modest decline in indicators linked to derivatives holdings and trading. Score increases were driven by an uptick in the intra-financial assets.

The year-end GIMAR will provide more detail on the underlying drivers of changes in systemic risk indicators and share a cross-sectoral perspective comparing these developments to those observed in the banking sector.

FIGURE 4





Source: IIM 2025 – interim results

5. Key themes in the 2025 GME

The 2025 GME analysis will focus on the following key themes that are top priorities for insurers and supervisors. These include (1) geoeconomic fragmentation impacting insurers' management of assets and liabilities; (2) insurers' increased investment in private credit; and (3) insurers' adoption and governance of AI.

5.1 GEOECONOMIC FRAGMENTATION IMPACTING INSURERS' MANAGEMENT OF ASSETS AND LIABILITIES

The global economy is increasingly contending with geoeconomic fragmentation, driven by intensifying geopolitical tensions and the growing shift to regional or national blocs. This fragmentation poses significant challenges to the global economic outlook, with the International Monetary Fund (IMF) warning of dampened growth prospects, increased macroeconomic uncertainty and a retreat from international cooperation threatening global resilience and financial stability.[7]

A report by the World Economic Forum and Oliver Wyman models potential economic losses due to geoeconomic fragmentation under a range of policy scenarios.[8] EMDEs are expected to be hardest hit, with larger GDP losses and higher inflation, prompting tighter monetary policies and higher borrowing costs.

Geoeconomic fragmentation increases uncertainty, dampens growth, undermines international cooperation and resilience and, poses risks to insurers' ALM.

[7] International Monetary Fund. Global Financial Stability Report. 2025.

[8] World Economic Forum in collaboration with Oliver Wyman. Navigating the Global Financial System Fragmentation. 2025.

The most significant geopolitical risks include trade tensions, conflicts and isolationist policies, which may disrupt global trade, energy prices, supply chains and consumer confidence. Such economic shocks may spill over to the financial sector through increased credit, market and liquidity risks, as well as higher inflation and increased foreign exchange rate volatility. This may require insurers to evaluate the impact of these increased financial and macroeconomic risks on their asset and liability portfolios and risk management strategies.

The impact of increased geoeconomic fragmentation on the financial sector is marked by uncertainty. This theme will focus on the potential transmission challenges to insurers. Rising bond yields and recession fears increase sovereign risks, straining government finances and insurers' fixed-income portfolios. Decoupling of economies may limit opportunities for cross-border investments and insurance business, potentially impacting insurers' portfolio diversification. Such reduced diversification may increase vulnerabilities to region-specific economic shocks, constraining the ability to achieve stable, long-term growth and resilience. The effects of fragmentation are not uniformly distributed across regions, with some countries and sectors experiencing more pronounced disruptions than others.

Insurers navigate these risks through robust risk management frameworks and a focus on ALM. Measures taken include asset reallocation, establishing exposure limits, scenario testing and crisis response planning, as well as adjusting underwriting and investment strategies.

Key areas of focus under this theme are:

Credit risk

A reduced supply of credit due to increased economic uncertainty and geoeconomic fragmentation may lead to widening spreads and increased defaults, impacting insurers' fixed-income investment exposures. Increasing borrowing costs for fixed-income securities (including sovereign debt, corporate debt and real estate) raise debt sustainability concerns. This challenges the insurance sector, which depends on these assets for income and risk management.

Foreign exchange risk

Geoeconomic fragmentation intensifies foreign exchange risk, which may create challenges for insurers in managing currency volatility and asset-liability mismatches. Increased foreign exchange volatility drives up the costs of ALM, as insurers must maintain alignment between assets and liabilities. Currency mismatches compound this risk, potentially leading to losses when assets in one currency are inadequate to cover claims in another. The rising cost of hedging currency-mismatched assets is putting additional pressure on profitability and operational budgets, while currency fluctuations complicate financial planning, reporting and overall risk management.

Liquidity risk

Liquidity risk may be affected by increased derivatives margin calls due to foreign exchange and interest rate volatility, along with potential effects on claims and cross-border payments. Geoeconomic fragmentation could also result in heightened liquidity needs and higher costs in accessing short-term funding, repo, and securities lending markets.

Finally, while the 2025 GME interim outcomes indicate that funding risks within the global insurance sector remained contained, geoeconomic fragmentation could drive up refinancing costs, which impact insurers with higher exposures to cross-border debt funding.

Interest rate and market risks

Geoeconomic fragmentation increases interest rate volatility and the cost of ALM for insurers. Interest rate changes affect both the asset side (fixed-income assets valuations) and liability side (discount rates for liabilities), potentially creating mismatches in ALM. Unpredictable rate movements complicate investment allocation and hedging decisions. Equity market volatility can increase the cost of managing equity-heavy asset portfolios and life insurance products with equity-indexed returns.

Underwriting risk

Trade tensions and geopolitical disruptions can disrupt global supply chains, which may lead to increased claims under, for example, business interruption and marine insurance policies with guaranteed benefits.[9] Inflationary pressures might raise the cost of claims, especially for non-life and life insurance policies with guaranteed benefits. Long-tail lines, including liability or workers' compensation, are especially vulnerable, as higher-than-expected inflation can render reserves insufficient, impacting profitability and solvency.

In the 2025 GIMAR, the IAIS will conduct a more in-depth analysis of how the insurance sector is responding to the aforementioned challenges. The IAIS will identify critical exposures and vulnerabilities within the sector while examining the measures insurers and supervisors have implemented or are planning to adopt. Through this in-depth analysis, the IAIS aims to gain deeper insights into how the insurance sector is navigating the complexities of geoeconomic fragmentation and ALM.

5.2 INSURERS' INCREASED INVESTMENT IN PRIVATE CREDIT

The 2021 to 2024 GIMARs provide an in-depth analysis of two key structural shifts that the life insurance sector is undergoing: (1) the increasing allocation of capital to alternative assets and (2) the expanding use of cross-border asset-intensive reinsurance.

Continuing this work, the IAIS developed a draft Issues Paper[10] on these structural shifts, which closed for public consultation on 2 June 2025. The final version of the Issues Paper is scheduled for publication in the fourth quarter of 2025. Looking ahead, the IAIS may consider potential refinements to its supervisory and supporting material relating to these evolving structural developments within the life insurance sector. The IAIS will also continue to closely monitor the risks associated with these trends in its GME, as well as through external stakeholder engagement.

According to the IMF, in 2023, global private credit assets reached approximately $2.1 trillion, with North America and Europe predominantly driving this growth.[11] The IMF report indicates that in North America, private credit accounts for 7% of credit to non-financial corporations, comparable to leveraged loans and high-yield corporate bonds. Annual growth rates of private credit (over the last five years) have been 20% in North America and 17% in Europe. Asia, though smaller in scale, has also seen rapid growth, particularly in high-yield and distressed segments, expanding at 20% annually.

In the 2025 GME, the IAIS will perform an analysis of insurers' investments in private credit, a rapidly growing subsector of alternative assets that have unique characteristics.

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9 Unless guarantees are set in nominal terms.

10 https://www.iais.org/2025/03/public-consultation-on-draft-issues-paper-on-structural-shifts-in-the-life-insurance-sector/

11 IMF. Global Financial Stability Report. 2024.

Private credit may offer benefits, including diversification, access to an illiquidity premium and stable long-term cash flows, making it especially attractive to life insurers seeking to match their long-duration liabilities. However, it could also introduce risks that will be explored as part of this theme, such as:

Credit, concentration and counterparty risks

Private credit borrowers may include smaller or less established entities with higher risk profiles compared to public issuers. Alternatively, they may also consist of larger borrowers seeking capital through complex financial structures. Limited transparency and non-public credit ratings increase the challenge of assessing borrower creditworthiness, without careful individualised underwriting of the risk.

Private credit is often structured with floating interest rates, which can increase an insurer's investment income when rates rise. However, this also raises the borrower's servicing costs, potentially increasing the risk of a credit event. Insurers investing heavily in specific sectors or issuances may face concentration risks, particularly during sector-specific downturns. Insurers relying on private credit-backed collateral for reinsurance arrangements may face counterparty risks if the underlying private credit assets deteriorate in quality.

Managing private credit portfolios requires specialised expertise, creating potential gaps in governance, due diligence and risk management capabilities.

Liquidity risk

Private credit investments are typically illiquid, which may make it difficult for insurers to sell these assets quickly in response to market stress or unexpected cash flow needs. Life insurers with significant exposure to illiquid assets may face challenges in maintaining liquidity buffers. Although illiquid investments can align well with less-liquid liabilities, an insurer needs to maintain a mature and robust liquidity risk management framework to effectively identify and address potential stress exposures. Additionally, it is important that non-life insurers have sufficient liquidity to meet claims obligations, particularly during periods of heightened catastrophe claims or other underwriting losses. Illiquid private credit investments may exacerbate liquidity mismatches.

Valuation and market risks

The lack of standardised or frequent transaction-based pricing for private credit instruments may introduce valuation uncertainty, especially during periods of market stress. Rising interest rates can create credit stress and diminish the (opaque) value of private credit investments.

Governance

Managing private credit portfolios requires specialised expertise, creating potential gaps in governance, due diligence and risk management capabilities.

Systemic risk amplification

Insurers' participation in private credit markets could amplify systemic risks if a widespread downturn in private credit leads to forced asset sales or defaults.

Through analysis of IIM and SWM data and insights from the draft Issues Paper on structural shifts in the life insurance sector, the IAIS aims to identify trends and assess changes in asset allocations. Qualitative responses and feedback loop insights[12] will further inform the analysis and supervisory oversight.

[12] The IAIS GME feedback loop process involves collecting further input from supervisors regarding risk assessment and supervisory measures.

5.3 INSURERS' ADOPTION AND GOVERNANCE OF ARTIFICIAL INTELLIGENCE

The deployment of AI is expected to have a material impact on social and economic activities. The IMF estimates that global GDP could grow by between 1.3% and 4%.[13]

For insurers, AI presents both opportunities and risks, which need to be effectively managed. For insurers, these advancements enable stronger policyholder retention through personalised engagement, cost savings via streamlined operations and improved risk selection and pricing through AI-driven insights.

While insurers have used AI in various forms for many years, advancements such as generative AI (GenAI) and agentic AI[14] are accelerating the pace of change. Recognising this, the IAIS has increased its focus on AI, publishing updates on the use of AI in the insurance sector and a draft Application Paper on the supervision of AI.[15] The objective of this paper is to support supervisors when applying the existing global standards for insurance supervision – the Insurance Core Principles (ICPs) – to promote appropriate and globally consistent oversight of the use of AI within the insurance sector.

The IAIS also considers these issues in the context of its work on third-party risk and operational resilience, as increased AI adoption is likely to lead to greater use of third parties and increased cyber risks that need to be mitigated. Building on this, this year's GME will explore global trends in insurers' adoption and governance of AI. Two dimensions will be considered:

- Own risk: AI has the potential to transform both insurer operations and the overall market structure of the insurance sector. Insurers report that they face fierce competitive pressure to find AI use cases that, among other things, improve consumer outcomes, reduce costs and make them more efficient.

  However, in deploying new AI use cases, insurers need to mitigate the risks with effective governance and risk management of, for example, associated cyber risks.

- Balance sheet: Given AI's potential to materially change markets and disrupt certain economic sectors, insurers need to consider its impact on asset valuation. Equally, insurers need to understand how underwriting risks may change with increased AI use.

Data on AI adoption in the insurance sector remains largely anecdotal and quickly becomes outdated due to the rapid pace of technological developments. To address this, SWM questions were included in the 2025 GME to capture a snapshot of supervisory insights into current AI use cases and associated risks. Thus far, supervisors report that AI adoption is primarily driven by its potential to reduce costs and enhance data analysis capabilities, although GenAI adoption appears limited to a small number of insurers. Governance frameworks related to data privacy, cyber security and IT risk are the most commonly applied mechanisms for overseeing AI use in the sector. The 2025 GME and supervisory discussions will explore these issues in more depth.

13 IMF. The Global Impact of AI: Mind the Gap. 2025.

14 Agentic AI describes a form of AI in which agents make decisions and perform tasks without human intervention.

15 The IAIS published a draft Application Paper on the supervision of artificial intelligence in November 2024 and will publish the final version in July 2025.

6. Other high-priority risks

Cyber and climate-related risks are also considered high-priority areas and will be closely monitored by the IAIS as part of the scope of the GME 2025.

6.1 CYBER RISKS

One of the IAIS' three strategic themes is focused on adapting to increasing digital innovation and cyber risks. The IAIS has set out the need to monitor and assess new and emerging trends in digital innovation and cyber risks, and their impact on insurance markets. For insurers, cyber risk is relevant both from an operational resilience perspective (that is, the risk insurers face from cyber attacks) and from an underwriting perspective. The IAIS considers both dimensions:

- Insurers' operational resilience to cyber risks: The IAIS' Operational Resilience Working Group monitors emerging cyber risks by sharing supervisory experience and engaging with stakeholders. Consistent with ICP 8 (Risk management and internal controls), the IAIS' draft objectives on operational resilience[16] highlight the need for robust governance to address cyber risk.
- Insurers' underwriting of cyber risks: Insurers that underwrite cyber risks need robust risk management processes to understand the growing risks and to ensure prudent pricing. Equally, insurers that do not write cyber business need effective risk mitigation to reduce their non-affirmative exposure.[17] More broadly, with increased cyber attacks, supervisors and policymakers are aware of a growing cyber insurance protection gap.

Cyber underwriting still appears to be a relatively concentrated market. Munich Re estimates that the cyber underwriting market was $15.3 billion in 2024 and will rise to $16.3 billion in 2025.[18] For non-life insurers participating in the GME, cyber underwriting represents only around 2% of non-life gross written premiums. As part of the GME process, the IAIS will consider the extent to which insurers are able to identify cyber risks, apply policy exclusions and limit their exposure. The IAIS will also monitor supervisory activities to gain insights into developments within the cyber market.

16 The IAIS published a Draft Application Paper on Operational Resilience Objectives in August 2024 and will shortly publish an updated version of the objectives together with a toolkit for public consultation.

17 Non-affirmative cyber coverage, is also known as "silent cyber". It refers to situations where a cyber incident can trigger coverage in traditional insurance policies (like property or liability) even though those policies where not intended to cover cyber risks. This principle also applies to AI.

18 Munich Re. Cyber Insurance: Risks and Trends 2025. 2025.

6.2 CLIMATE-RELATED RISKS

Climate-related risks have also been a key focus for the IAIS, first highlighted in the GIMAR 2021 special topic edition[19] and consistently featured as a dedicated chapter in the GIMAR since 2022. This focus will continue with a chapter on climate-related risks included in the year-end GIMAR 2025. Additionally, the IAIS plans to release a GIMAR special topic edition later this year examining the potential financial stability impact of natural catastrophe protection gaps.

In addition to its risk assessment work, the IAIS also has an important stream of work to support supervisors with practical guidance to effectively integrate climate-related risks into their supervisory practices. To this end, the IAIS published in April 2025, its Application Paper on the supervision of climate-related risks in the insurance sector,[20] the result of over two years of work and extensive stakeholder engagement. This comprehensive paper covers critical areas such as governance and risk management, market conduct, scenario analysis, asset and liability valuation, investments, enterprise risk management for solvency purposes, supervisory reporting, public disclosure, macroprudential supervision and supervisory cooperation. The paper aims to equip supervisors with the tools needed to address the growing impact of climate-related risks on the insurance sector.

For insurers, cyber risk is relevant both from an operational resilience perspective (that is, the risk insurers face from cyber attacks) and from an underwriting perspective.

19 https://www.iais.org/ploads/2022/01/210930-GIMAR-special-topic-edition-climate-change.pdf

20 The IAIS published an Application Paper on the supervision of climate-related risks in the insurance sector in April 2025.

7. Next steps

The year-end GIMAR 2025 will be published in December and will elaborate on key potential systemic risk developments in the insurance sector, compare these to the banking sector and detail solvency, liquidity and profitability positions. It will also include an analysis of the themes outlined in Section 5, which will be discussed in more detail among global insurance supervisors in September 2025.

The year-end GIMAR 2025, set for publication in December, will examine systemic risk trends in insurance, compare them with banking and assess solvency, liquidity and profitability positions.

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