

REINSURANCE

Consistency key in a changing market

Stability and partnership are needed as competition and capacity return to the global reinsurance market, says Echo Re's CUO.



As capital returns and pricing pressures re-emerge across the global reinsurance market, this is a moment for clear heads and not quick reactions. Echo Re's chief underwriting officer, Paul Hertelendy, believes stability will come from long-term partnerships and an commitment to consistency.

"The hard market of the last three years is coming to its tail end," he told *SIRC Today*. "More capacity means more competition, and this puts pressure on terms and conditions."

Market dynamics are giving way to a more balanced phase and the challenge for reinsurers is to stay competitive and disciplined. Yet even as pricing softens, Hertelendy cautioned against complacency. "Although it has been a mild year, we have seen surprises here and there," he said, pointing to recent events such as the earthquake in Myanmar that affected Thailand and the recent powerful hurricane in Jamaica and the Caribbean.

"All this should remind us that although capacity is here and competition is here, discipline is key to provide long-term stability to our clients."

He believes this begins with partnership and described the company's approach as staying close to our clients and remaining consistent. Over its 17-year history, Echo Re has built a reputation for transparency and reliability, even through volatile cycles.

"Partnership to us is sharing responsibility. It's not just sharing premium, it's also sharing the risks together," Hertelendy explained. He added that Echo Re's consistent approach stood in contrast to "the opportunistic ones who jump on the bus late and are the first to jump off again".

This steady philosophy is reflected in the company's underwriting framework, and Hertelendy said they maintained a clear internal framework and referral process, supported by quantitative limits in its underwriting guidelines and policies. These

KEY POINTS:

- Capacity returns but discipline must hold
- Partnership and predictability define success
- Local insight and data sharpen risk view

measures ensure a consistent decision-making process across all markets.

For Hertelendy, discipline is not rigidity; it is the ability to adapt thoughtfully. "It means pragmatism and being client-focused," he said. "We actively seek constructive ways to provide value in discussions with our clients."

This mindset is reinforced by Echo Re's mutual ownership and capital strength. "Our underwriters don't feel pressure to chase volume," he said. "This gives us the freedom

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and consistency to support clients and to provide value."

Hertelendy believes that such freedom allows the company to be both selective and supportive, maintaining underwriting quality while still meeting clients' evolving needs.

As climate risk intensifies, Echo Re's underwriting philosophy also reflects a fusion of local expertise and scientific rigour. The reinsurer operates in more than 80 countries, and its "underwriters are rooted in their markets and have many years of experience". With around 25 nationalities represented

across teams, "some say it's like the United Nations," Hertelendy said.

This local grounding is complemented by strong analytical capabilities. "Our pricing and modelling team bring in a scientific view in the assessment of the risks," Hertelendy explained. "We are constantly refining our view of risk and learning from what we experience." He believes this approach is key to managing the changing nature of natural catastrophe risk.

"There are no bad risks – only bad structures, bad prices and wrong partners," he added. "If we like the risk, we can provide capacity even for complex structures."

Looking ahead, Echo Re sees its main growth potential in property and specialty lines, particularly in Asia. "The growth in this area is driven by economic expansion and increased insurance penetration," Hertelendy said. Beyond traditional catastrophe business, Echo Re is supporting sectors such as renewable energy, infrastructure and agriculture "to make societies more resilient".

As the industry prepares for the January 2026 renewals, Hertelendy's message is one of calm consistency. "While rates may ease in some areas, the industry should avoid repeating the cycle of over-competition that undermines long-term stability," he stated.

"Terms and conditions achieved in recent renewals are reasonable, and they should remain so."

Asia's importance to Echo Re is clear. "Asia is 60% of Echo Re's portfolio," Hertelendy said. "SIRC is our most important market event, and we're coming with a big delegation.

"We're very much looking forward to seeing our clients and business partners, and to celebrate with them at our cocktail party on Tuesday." ●

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