Q2 2025 Catastrophe Bond & ILS Market Report

Massive $10.5bn Q2 accelerates 2025 issuance with 144A annual record already broken

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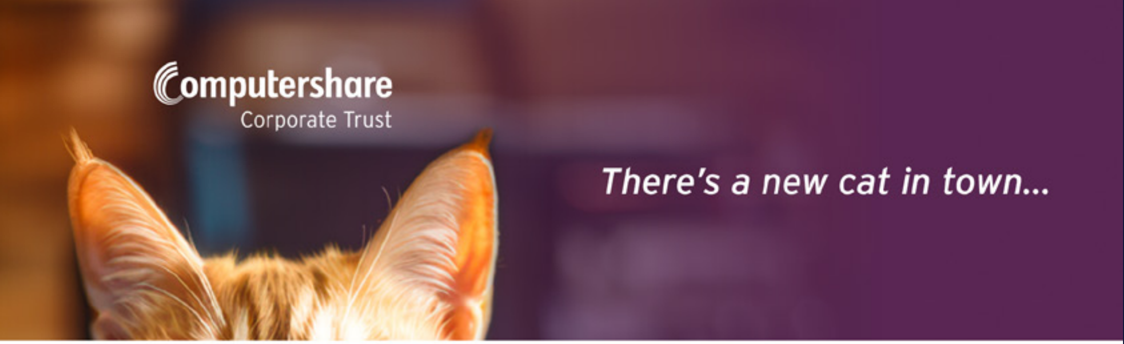

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INTRO

The Artemis Q2 2025 catastrophe bond market report dissects another record period for the sector, as $10.5 billion of new issuance came to market from 38 transactions comprised of 58 tranches of notes.

It's the biggest quarter in the market's history and includes the largest month ever, with May seeing almost $6 billion of issuance. While, new annual records have been set for 144A property cat bond and total 144A cat bond and related ILS issuance, in just the first six months of the year.

Another impressive feat of Q2 and H1 2025 issuance is that it far outpaced maturities, which were by no means minimal at $5.9 billion and $10.3 billion, respectively. As a result, the outstanding market size has also set a new end of quarter and all-time end of period record, expanding by 15% from the end of 2024 to June 30th, 2025, to reach $56.7 billion.

In this report, we break down, and compare year-on-year, quarterly and half-year 2025 issuance by numerous metrics, including peril and trigger, and examine pricing dynamics and the size of deals as investor and sponsor appetite continues to take the market to new heights.

As this report highlights, spreads have come down from the highs of previous years, but the record level of Q2 and H1 2025 issuance shows that pricing dynamics are clearly still attractive to both sponsors and investors.

A joint record eight new sponsors entered the cat bond market in Q2 2025, taking the year's total to 11, while issuance from repeat sponsors was extremely strong, and featured the largest cat bond in the market's history.

Issuance so far in 2025, at $17.6 billion for the first-half, is very close to the annual record of $17.7 billion, with new quarterly records set in both Q1 and Q2. Further, the Artemis Deal Directory currently has $400 million of deals in the pipeline for July, which suggests a new annual cat bond market record will be set in the coming weeks.

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Transaction Recap

Although the majority of the 38 transactions listed in the table below were brought to market by repeat sponsors, a joint record eight new sponsors also featured, as deals from Utica National Insurance Group, Texas FAIR Plan Association, Ocean Harbor Insurance Group, US Coastal Insurance, Auros Reciprocal Insurance Exchange (a SageSure underwriting entity), Kingstone Insurance Company, Sparkassen-Finanzgruppe, and Lilypad Insurance brought a combined $1.16 billion of issuance covering a range of perils in various regions.

Of the repeat sponsors, Florida's Citizens Property Insurance returned with the largest cat bond ever issued at the time, a $1.525 billion Florida named storm deal. State Farm soon eclipsed that with $1.6 billion secured over four series sponsored in a single visit to the market. Everest also sponsored a $1 billion series, covering a range of international perils.

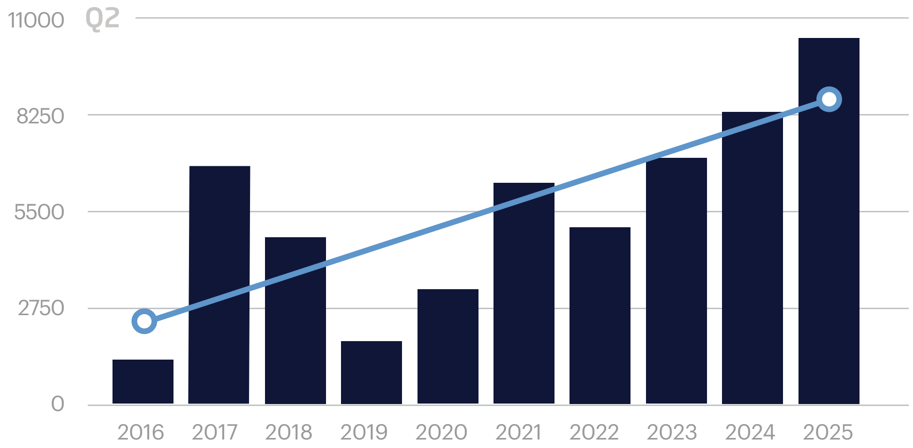
A record 38 transactions comprised of 58 tranches of notes featured in Q2 2025, and just two of these were privately placed, meaning a record 36 144A property cat bonds were issued in the quarter.

ISSUER / TRANCHE	SPONSOR	PERILS	$M	DATE
Hypatia Ltd. (Series 2025-1)	Convex Re	International multi-peril	150	Jun
Kilimanjaro II Re Ltd. (Series 2025-1)	Everest Re	International multi-peril	500	Jun
Kilimanjaro II Re Ltd. (Series 2025-2)	Everest Re	International multi-peril	500	Jun
Baldwin Re Ltd. (Series 2025-1)	Vermont Mutual Insurance	US multi-peril	250	Jun
Mangrove Risk Solutions Bermuda Ltd. (Series 2025-D2)	Unknown	Unknown property cat risks	6.25	Jun
Solis Re Ltd. (Series 2025-1)	AmTrust Financial Services	US named storm	150	Jun
Ursa Re II Ltd. (Series 2025-1)	CEA	California earthquake	400	Jun
Commonwealth Re Ltd. (Series 2025-1)	The Hanover Insurance	US multi-peril	200	Jun
Finca Re Ltd. (Series 2025-1)	Canopius Group	US multi-peril	125	Jun
Mayflower Re Ltd. (Series 2025-1)	MPIUA	Massachusetts multi-peril	225	Jun
Sailfish Re Ltd. (Koi Re – Series 2025-1)	Lilypad Insurance	US named storm	30	May
Herbie Re Ltd. (Series 2025-1)	Fidelis Insurance	International multi-peril	90	May
Sanders Re II Ltd. (Series 2025-2)	Allstate	Florida multi-peril	150	May
Lion Re DAC (Series 2025-1)	Generali	European multi-peril	225.4	May
3264 Re Ltd. (Series 2025-2)	Hannover Re	International multi-peril	150	May

ISSUER / TRANCHE	SPONSOR	PERILS	$M	DATE
1886 Re Ltd. (Series 2025-1)	Kingstone Insurance	US named storm	125	May
Merna Re II Ltd. Series 2025-1	State Farm	Florida multi-peril	200	May
Merna Re II Ltd. Series 2025-2	State Farm	Texas named storm	300	May
Merna Re Companywide Ltd. Series 2025-3	State Farm	US multi-peril	500	May
Merna Re Enterprise Ltd. Series 2025-4	State Farm	US multi-peril	550	May
Liongate Re DAC	Zenkyoren / Sparkassen-Finanzgruppe	International multi-peril	100	May
Residential Reinsurance 2025 Limited (Series 2025-1)	USAA	US multi-peril	425	May
Chartwell Re Ltd. (Series 2025-1)	US Coastal Insurance	US named storm	330	May
Bluebonnet Re Ltd. (Series 2025-2)	TFPA	Texas multi-peril	200	May
Bluebonnet Re Ltd. (Series 2025-1)	TWIA	Texas multi-peril	550	May
Everglades Re II Ltd. (Series 2025-1)	Citizens Property Insurance	Florida named storm	1525	May
Purple Re Ltd. (Series 2025-1)	Slide Insurance	US named storm	250	May
Oceanside Re Ltd. (Series 2025-1)	Ocean Harbor Insurance	New York multi-peril	75	May
Genesee Street Re Ltd. (Series 2025-1)	Utica National Insurance	US multi-peril	150	May
Torrey Pines Re Ltd. (Series 2025-1)	Palomar Specialty Insurance	California earthquake	525	Apr
Riverfront Re Ltd. (Series 2025-1)	Great American Insurance	International multi-peril	310	Apr
Black Kite Re Limited (Series 2025-1)	Peak Re	International multi-peril	50	Apr
Bayou Re Ltd. (Series 2025-1)	Louisiana Citizens Property Insurance Corporation	Louisiana named storm	280	Apr
Nakama Re Pte. Ltd. (Series 2025-1)	Zenkyoren	Japan earthquake	100	Apr
Atlas Capital DAC (Series 2025-1)	SCOR	International multi-peril	240	Apr
Palm Re Ltd. (Series 2025-1)	Florida Peninsula Insurance	Florida named storm	250	Apr
Gateway Re Ltd. (Series 2025-2)	SageSure underwriting entities (incl GeoVera)	US named storm	150	Apr
Nature Coast Re Ltd. (Series 2025-2)	SafePoint Insurance	US named storm	150	Apr

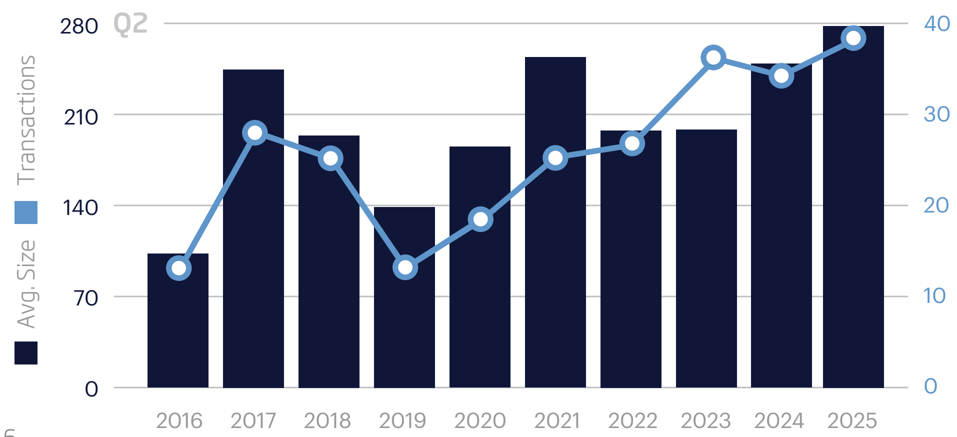
Q2 issuance by year ($M)

Last year's Q2 was the first time issuance had exceeded $8 billion ($8.4bn) in a single quarter, but this year's Q2 total has raised the bar to a record $10.5 billion, reflecting 25% year-on-year issuance growth. Q2 2025 issuance is 91% above the 10-year average for the quarter, which is impressive considering issuance for the period has exceeded $7 billion for three consecutive years now. In fact, Q2 '23, '24, and '25 all set new single quarter issuance records, which reflects the proximity to the mid-year renewals and the Atlantic hurricane season.



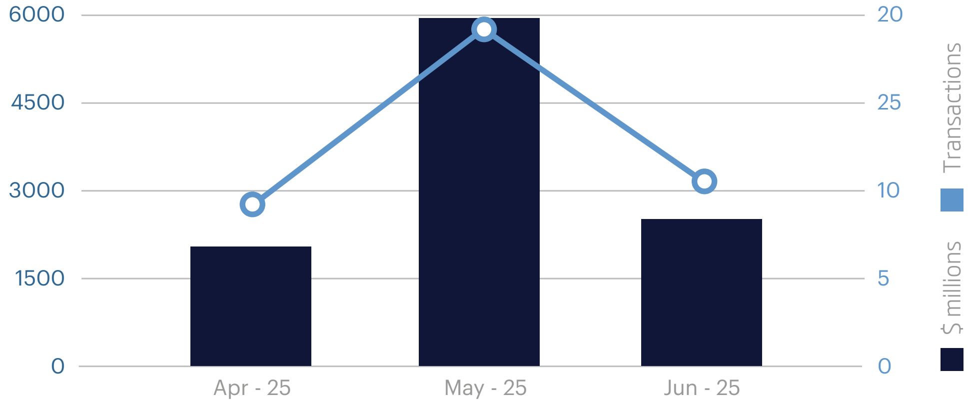
Q2 average transaction size & number of transactions by year ($M)

Up on 2023's total by two, the record 38 transactions issued in the second quarter of 2025 is 13 above the 10-year average for the period. Since 2015, 273 transactions have been issued in second quarters, and roughly 40% of these were issued in '23, '24, and '25. The average deal size of transactions issued is also at its highest level for the past decade at $276 million, above the 10-year average by 37%.



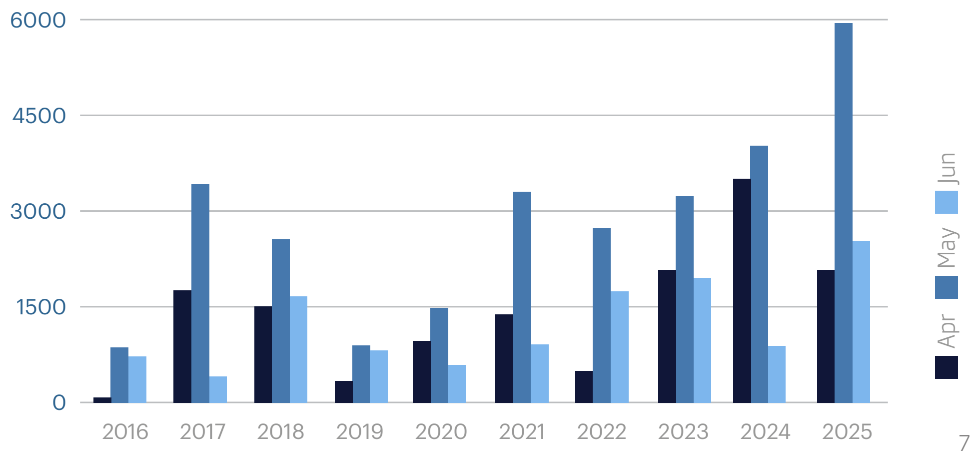
Number of transactions and volume issued by month ($M)

The quarter started with $2.1 billion of issuance in April, the second most ever in the month, and far above the 10-year average of $1.4 billion. April 2025 issuance came from nine transactions, which is down on last year's 12 and a record $3.5 billion for the month.



Q2 issuance by month & year ($M)

Issuance in May and June set new records for the months. May saw over $5.9 billion come to market, which is the highest volume of issuance in a single month in the market's history. 19 transactions were issued in May, including State Farm's $1.6 billion series, the $1.525 billion Citizens deal, and one of the cat bond lite deals. It was also a busy end to the quarter as sponsors looked to close deals ahead of the renewals and wind season, with a monthly record of $2.5 billion of issuance from 10 transactions in June.



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EDUCATION HAS HELPED INVESTORS GET MORE COMFORTABLE AS ILS CONTINUES TO GROW: BRAD ADDERLEY, APPLEBY

It's been an exceptionally busy and record first half of the year for the catastrophe bond sector, with a number of first-time sponsors entering the market. This momentum, according to Brad Adderley, Bermuda Managing Partner at Appleby, reflects how education has "helped" investors get more comfortable, ultimately enabling the insurance-linked securities (ILS) sector to continue its growth trajectory.

Speaking with Adderley, we asked for his perspective on how a softening reinsurance market could influence demand for various ILS structures, as issuance in the cat bond space in the first half of 2025 hit new heights on the back of a record Q1 and Q2.

"You obviously have more ILS funds who are focusing solely on cat bonds. There are so many major players out there in the market now, which have become very large.

"I also think it's a case of year-on-year education catching up. Investment bankers and brokers have been talking to people for a long time, and all that time and effort is finally paying off, with more market participants getting involved."

When we last spoke to Adderley around the launch of our Q1 2025 cat bond and ILS market report, he suggested that the momentum being seen within the market was not going to slow down.

Adderley was spot on, as a total of eight new sponsors made their debut in the cat bond market in Q2 2025.

According to Adderley, this continued growth is a testament to the efforts of investors, arrangers, brokers, and bankers over the years.

"It starts compounding. It's been building, and I think that's what we're seeing now. I think every year it seems to multiply. One becomes two, two becomes three and a half, then there's a jump and three and a half becomes seven, and seven becomes nine, and then nine becomes 18.

"I also believe the education of understanding the market is better for the new and first-time sponsors. They're not scared about it even when you take into account the amount of documentation that goes into a cat bond… the consistent education really helps these first-time sponsors understand the market a lot better too."

Looking ahead to the second half of 2025, we asked Adderley whether he sees signs of capital raising among ILS funds, and whether he anticipates significant activity before year-end.

"I recently asked this question to a client of mine about raising of capital. I personally have not heard any great stories of someone raising let's say $400 million or $500 million of real capital.

"Have I heard of attempts to raise $50 million or $100 million? Yes. Have they succeeded? No.

"But if capital is raised, do I think it would go into ILS? Yes, I do.

"I think we've seen over the last couple of years, with the exception of Mereo, that it's hard to raise capital for a rated balance sheet. The ILS funds or investing through an ILS platform on a bespoke basis seems to be obviously easier, it's obviously quicker, it's obviously cheaper. I think we'll see that."

Based on how the market has performed so far this year, with the issuance of cat bonds that have settled in the first half of this year at $17.6 billion, which is just $133 million below the annual record for issuance, we asked Adderley about the likelihood of the market surpassing the record $20 billion figure this year.

"Are we going to do more than $3 billion? The answer is yes, because I don't know what's going to stop the momentum.

"At the very least, we'll hit the average, and given how close we are, how could we not? I think we'll get there," said Adderley.

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BRAD ADDERLEY
BERMUDA MANAGING PARTNER

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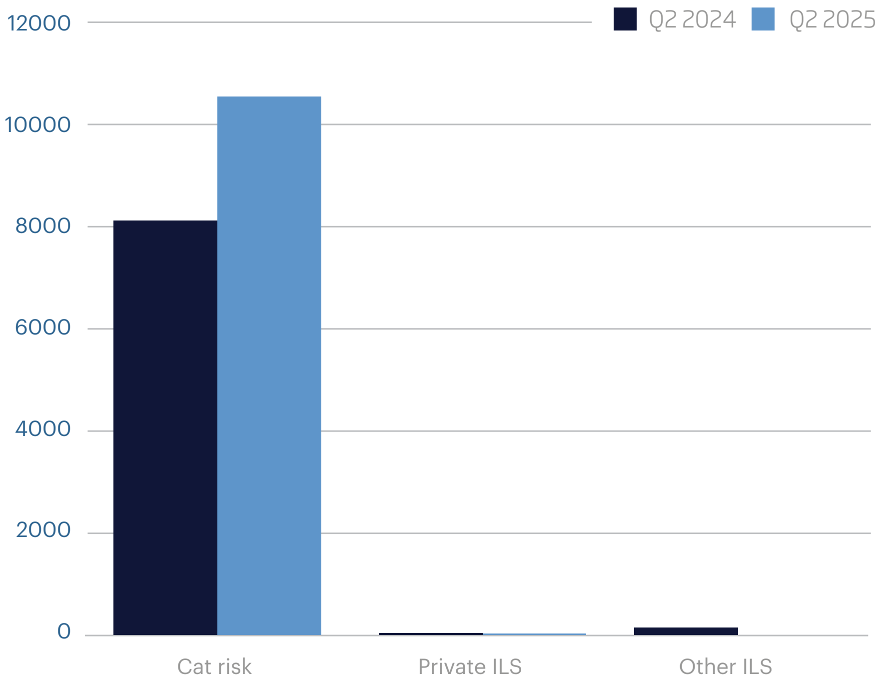
Q2 issuance by type

Prior to 2025, annual Rule 144A property cat bond issuance had only exceeded $10 billion on four occasions, with the first being in 2020. But in Q2 2025 alone, 144A property cat bond issuance hit a quarterly high of $10.5 billion, rising 28% on Q2 2024's previous record of $8.2 billion, setting a new annual high of almost $16.8 billion for these types of deals, at just the half way point of the year.

Although in Q2 no 144A deals were issued covering non-catastrophe exposures, such as cyber or terror, Q1 was active with volume of $655 million from these types of transactions, taking total 144A issuance for H1 2025 to over $17.4 billion, which is another full-year record set in just the first six months of 2025, beating 2024's full-year total by $183 million.

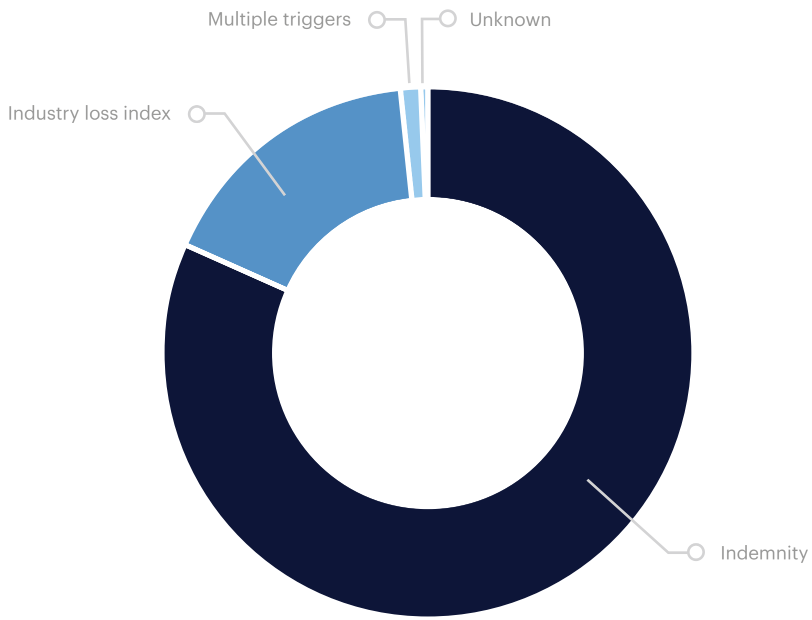


It was a notably quiet quarter for privately placed, or cat bond lite issuance, with just two deals issued: debutant sponsor Lilypad Insurance's $30 million US named storm transaction, and a $6.25 million Mangrove deal covering unknown property catastrophe risks.

Q2 issuance by trigger

Indemnity trigger structures account for 82%, or $8.6 billion of Q2 2025 issuance, which is up on last year's 75%, and a continuation of the trigger's dominance in cat bond transactions. 42 out of 58 tranches of notes used an indemnity trigger, and one of the deals that used multiple triggers included an indemnity structure.

13 tranches of notes, amounting to $1.8 billion of quarterly issuance, used an industry loss trigger, and one of the multiple trigger deals also featured an industry loss trigger as part of its structure.



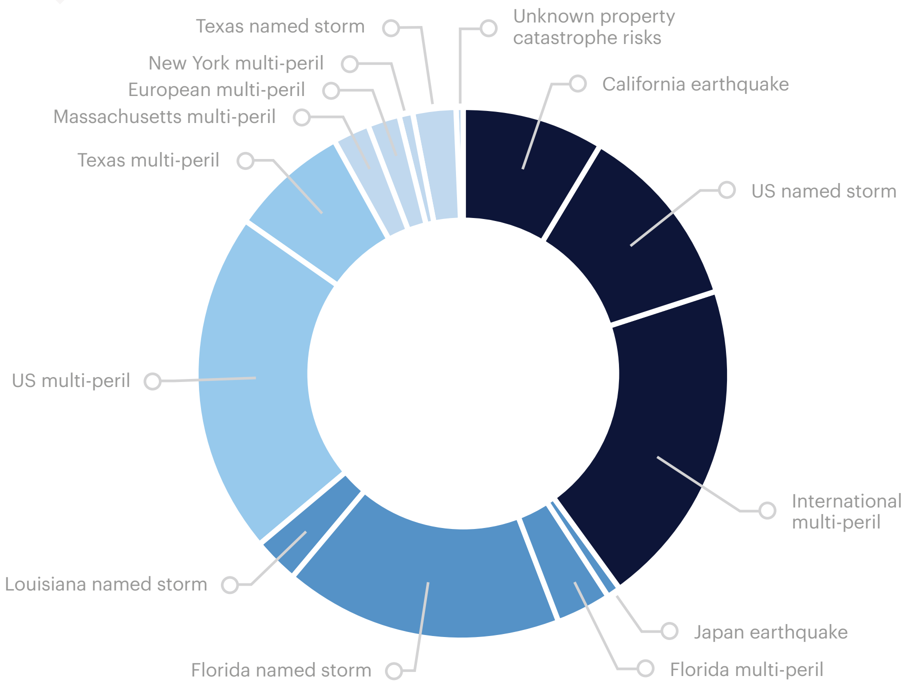
Peak Re's $50 million Black Kite Re transaction and Zenkyoren and Sparkassen-Finanzgruppe's $100 million Liongate Re DAC issuance both used multiple triggers. The former secured industry loss protection against Japanese earthquake and typhoon risks, and parametric coverage for earthquake losses in China and India. The latter's deal provides Japanese quake protection on an indemnity trigger basis, and also a first time seen parametric coverage for earthquakes in Germany.

We do not have trigger information for the $6.25 million private deal issued in this quarter.

Q2 issuance by peril

Q2 2025 was a strong quarter for transactions focused solely on US catastrophe risks, accounting for 74%, or $8.1 billion of quarterly issuance which reflects US sponsors increasing comfort with cat bonds as part of their reinsurance. This includes deals covering named storms in multiple states, and single state named storm and single state multi-peril deals in Florida, Louisiana, Texas, New York, and Massachusetts.

Further, all of the international multi-peril deals, which combined brought $2.1 billion of risk capital to market, featured some US cat risks, with reinsurance also secured to protect against risks in Canada, the Caribbean, Puerto Rico, US Virgin Islands, Italy, Japan, Turkey, Australia, New Zealand, and Europe via these transactions.



A single, $100 million transaction covering only Japanese earthquakes also featured in Q2, a familiar issuance from Zenkyoren's Nakama Re Pte. Italian insurer Generali returned with a $225 million+ transaction covering European windstorm and Italy earthquake risks.

$6.25 million of unknown property cat risk also featured in Q2 2025, a private deal from an unknown sponsor. With this quarter being so focused on catastrophe risks, it will be interesting to see if issuance in the second half of the year includes some non-catastrophe risks, many of which have, to a certain extent, now been tried and tested.

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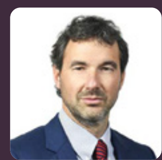

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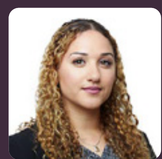

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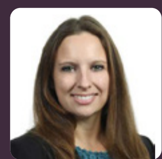

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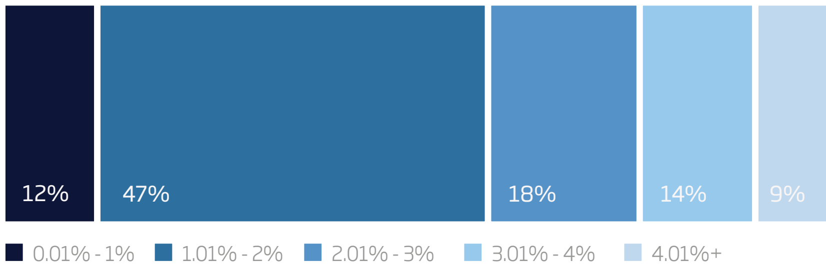
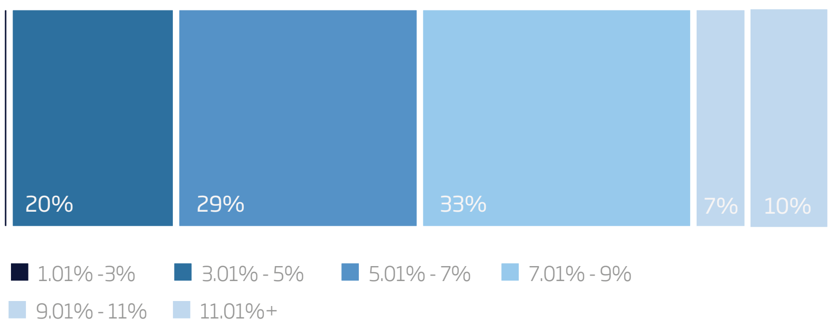
Q2 issuance by expected loss

In Q2 2025, 59%, or $6.1 billion of issuance had an expected loss of below 2%, and 47% had an expected loss of between 1.01% and 1.99%, totalling almost $5 billion of quarterly issuance. 41%, or $4.3 billion, had an expected loss of more than 2%, and 9% of issuance had an expected loss above 4%. The highest expected loss was 8.79% from the Herbie Re notes, and the lowest was 0.56% from the Class A tranche of Riverfront Re notes.



Q2 issuance by spread pricing

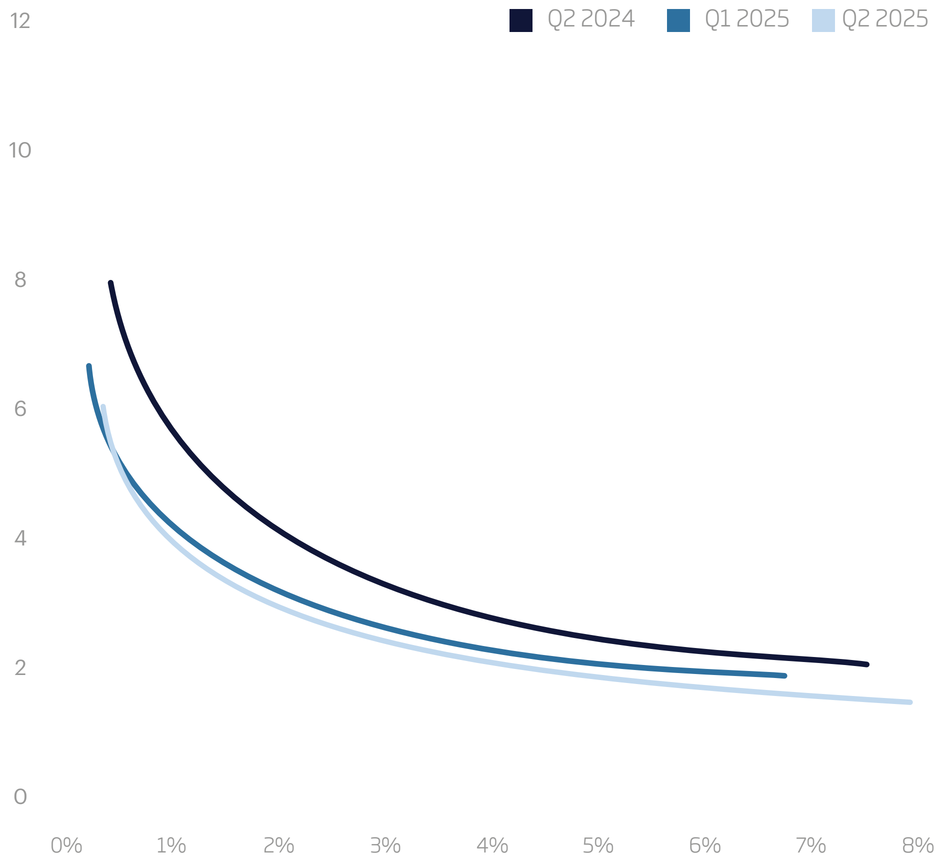
The majority, 62% or $6.5 billion of Q2 2025 issuance paid investors a spread of between 5% and 9%, and more of these tranches of notes settled closer to 9%. $1.7 billion of quarterly issuance paid a spread of more than 9%, and more than $1 billion paid a spread above 11%. $2.2 billion, or 21% of quarterly issuance, paid a lower spread between 1.01% and 5%. The highest spread on offer came from the Herbie Re notes at 31%, and the lowest from the Nakama Re notes at 2.1%.



Q2 expected loss & multiple year-on-year

The darkest blue line represents Q2 2024, the dark blue line Q1 2025, and the light blue line Q2 2025, and plots the expected loss against the multiple (spread divided by expected loss) for all tranches of notes issued in the respective quarters. The three highest multiples were all in Q2 2024, and the data shows that when compared with the first two quarters of this year, deals issued in Q2 2024 generally achieved slightly higher multiples for the same expected loss, reflecting a decrease in the spread above expected loss compared to last year.

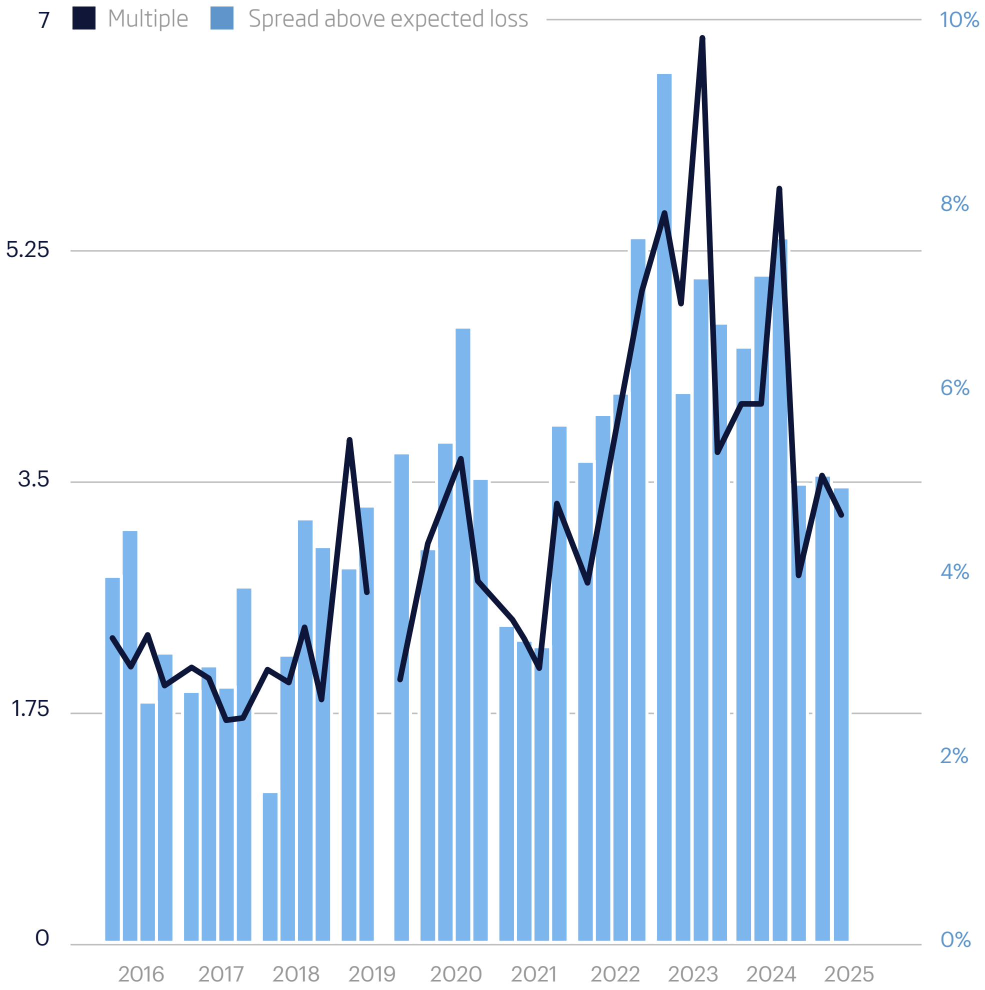
Pricing dynamics are clearly favourable still for both sponsors and investors, as transactions successfully secured a record level of new risk capital. What's more, the average multiple remains healthy at 3.14 for Q2 2025, although slightly down on the prior quarter's 3.54 and the 4.12 in Q2 2024. The average expected loss of Q2 2025 issuance is 2.3%, above Q1's 2% and only slightly down on last year's 2.33%.



Multiple and spread above expected loss by quarter

The line shows the average multiple, and the bars the average spread above expected loss of Q2 2025 issuance. Quarter-over-quarter and year-on-year the average multiple has declined, to 3.14 from 3.54 in Q1 2025 and 4.12 in Q2 2024. The average spread above expected loss has also fallen to 4.93% in Q2 2025 from 5.07% in Q1 2025 and 7.26% in Q2 2024, which is one of the highest in a single quarter ever.

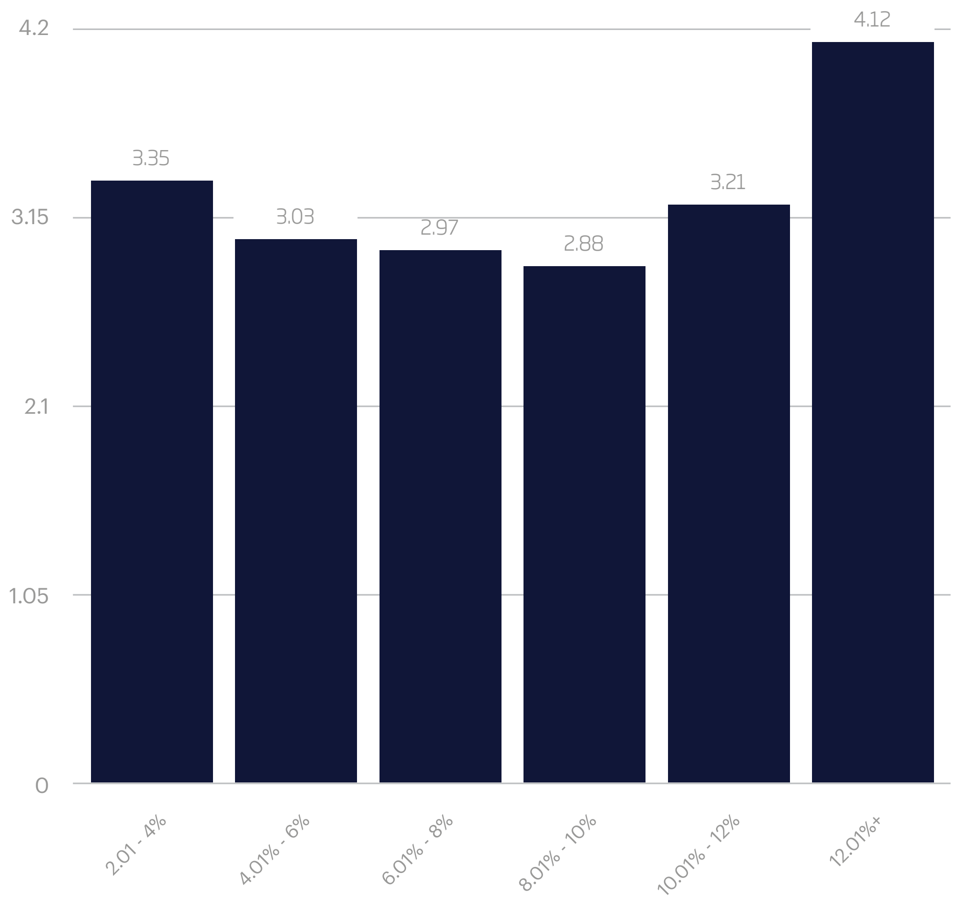
Since the highs of 2023, a year in which the average quarterly spread was 9.15%, peaking at 11.49% in Q1, spreads have come down in the cat bond market, while the average expected loss has averaged a little over 2% during this time. So, the average multiple and spread above expected loss have fallen as well.



Q2 average multiple by spread pricing

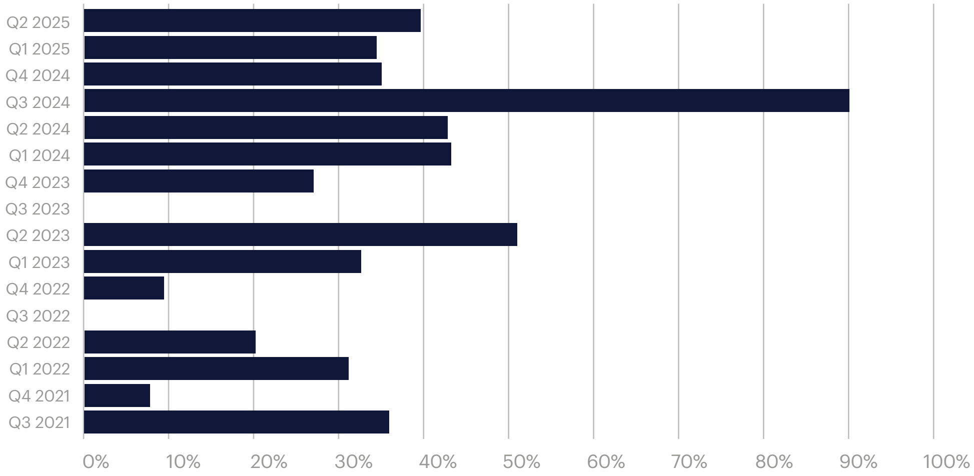
In Q2 2025, tranches of notes with a spread of more than 12% provided investors with the highest multiples, with these tranches having an average multiple of 4.12. As you can see from the chart, for the other spread ranges, the average multiple varied between a low of 2.88 and a high of 3.35 for the lowest range.

When compared with Q2 2024, it's clear that cat bond spreads have continued to fall in 2025, as all of the same spread ranges last year achieved a higher average multiple, with the 4.01% - 6%, 8.01% - 10%, and 10.01% to 12% ranges all having an average multiple of above 4, while the lowest multiple of all ranges last year was 3.73%, which is higher than all but one range this year.



Issuance size and spread changes

On average, in Q2 2025, spreads declined by 5% from the mid-point of initial price guidance, which is less of a decline than Q1's -9.6% and Q4 2024's -10.8%, but a reverse of the Q2 2024 positive average spread change of 1.3%. Since Q1 2023, spreads have, on average, declined in all but three quarters, highlighting the shift from the record-high spreads and suggesting strong execution for sponsors. This quarter, 38 out of 52 tranches of notes were priced below the mid-point of initial spread guidance.



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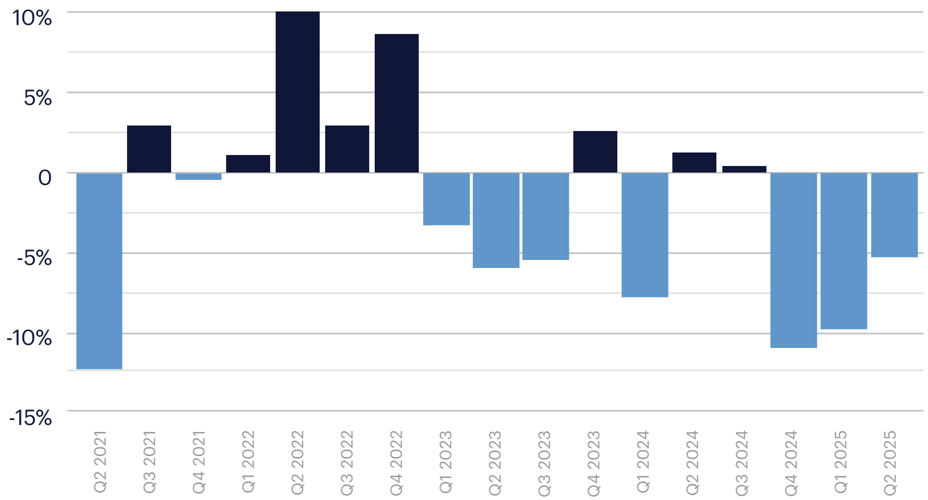


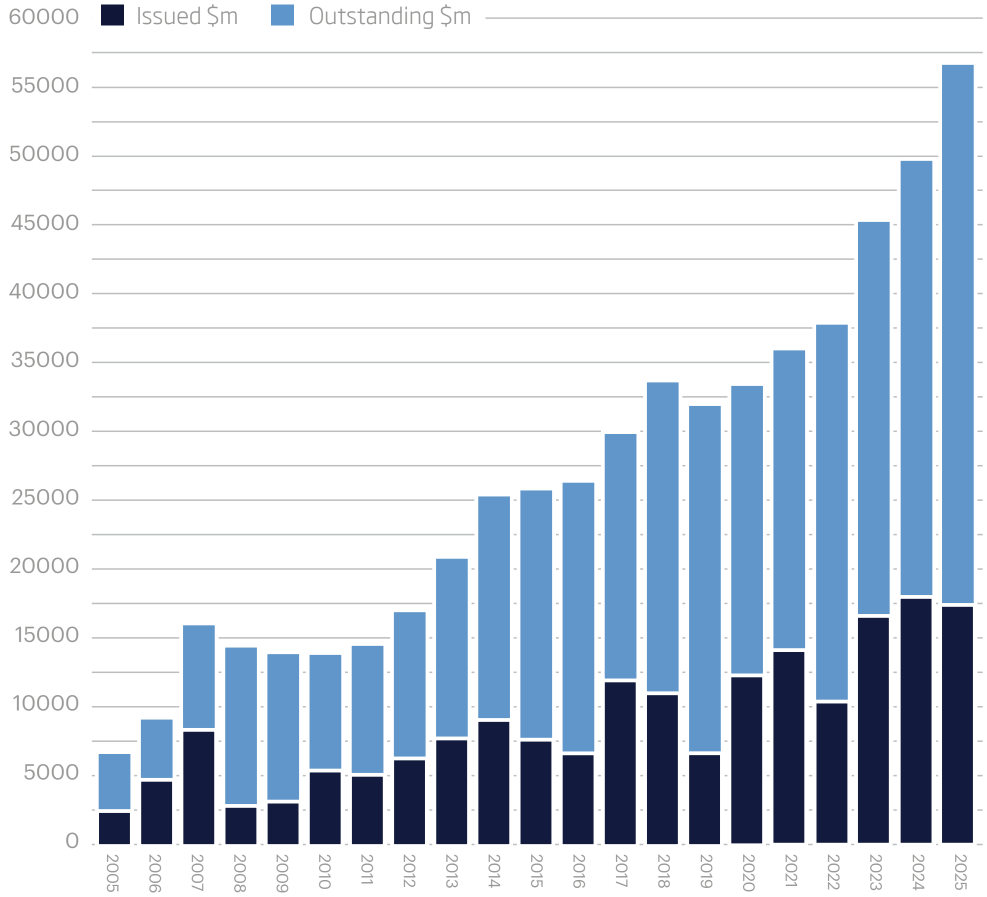
Issued / Outstanding to June 30th 2025

Annual 2024 issuance of $17.7 billion was a truly impressive feat after the previous record of $16.4 billion was set in 2023. But in just the first six months of 2025, cat bond and related ILS issuance has already hit a massive $17.6 billion, and at just $133 million below the full-year record, 2025 is very likely to be another record year for issuance with more than this already in the deal pipeline for July, according to the Artemis Deal Directory.

Record H1 2025 issuance came from a combined 72 transactions, which is up on 2024's 58 transactions, which brought a combined $12.6 billion of H1 issuance. So, year-on-year, H1 2025 issuance has increased by 40% to $17.6 billion, driven by record 144A property cat and record total 144A issuance, supported by a host of private deals.

During Q2 2025, roughly $5.9 billion in deal volume matured, but with Q2 issuance so strong at $10.5 billion, the outstanding cat bond market size has grown by around $4.6 billion to a new end of quarter high of $56.7 billion. In fact, the size of the outstanding cat bond market at June 30th, 2025, is 15% larger than it was at the end of 2024, despite $10.3 billion of maturities during H1 2025.

2025 is almost certain to be a record year for cat bond and related ILS issuance, it already is for Rule 144A deals only, and with a H2 issuance average over the past decade of $3.7 billion, there's a good chance annual issuance exceeds $20 billion. Even if it's only an average second half of the year, with just $3.3 billion of maturities left in 2025, market growth will be sustained heading into next year.



If you want to see full details of every catastrophe bond and ILS transaction included in the data in this report please visit www.artemis.bm/deal_directory/

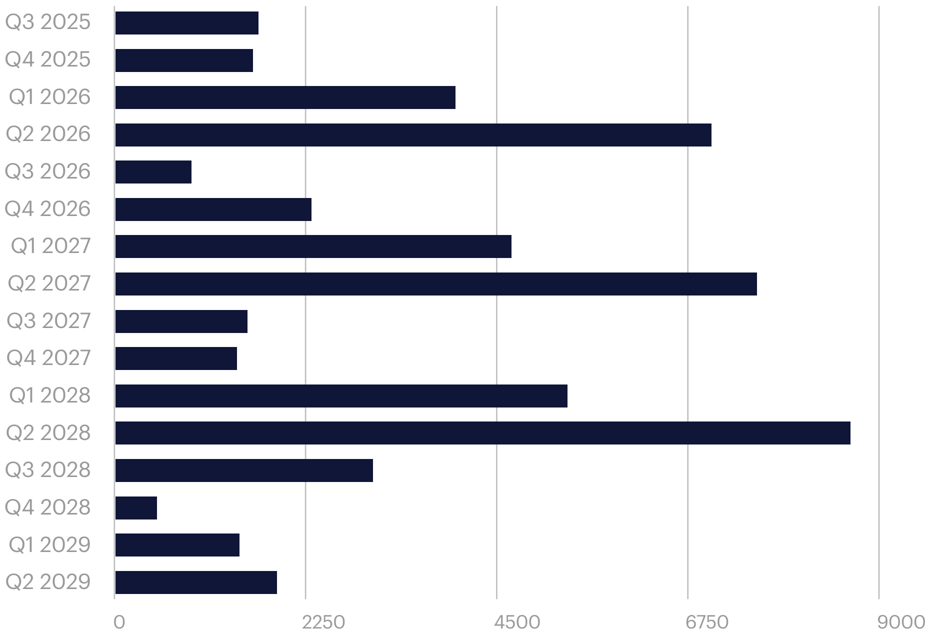
Upcoming maturities by quarter

Based on data from the Artemis Deal Directory, this chart shows the level of upcoming cat bond and related ILS maturities by quarter. It's a good way to see how much issuance is needed to sustain market growth.

In Q2 2025 a significant $5.9 billion of cat bond and related ILS transactions matured, but the record level of new risk capital ensured strong market growth. Q2 is typically the busiest quarter for issuance and maturities, with more than $7 billion currently set to mature in Q2 2026 and Q2 2027, and more than $8.7 billion in Q2 2028.

Prior to 2017, cat bond issuance had never exceeded $10 billion in a single year, breaching $9 billion just once in 2014. But since 2017, annual issuance has only failed to surpass $10 billion once, in 2019, and has now broken records for the last three years. As cat bond market issuance increases, so too will maturities in the future years, given the multi-year nature of the large majority of deals.

Looking ahead to Q3 2025, there's just shy of $1.7 billion scheduled for maturity. Q3 is typically the least active quarter of the year for issuance, with an average of just $842 million since 2016, while none of these years actually experienced issuance above the level of maturities forecast. So, based on this, it wouldn't be too surprising if the market contracted slightly in Q3 from the end of Q2. At the same time, given how active 2025 has been so far, it wouldn't be too surprising if the opposite happened, and Q3 issuance also set a record.



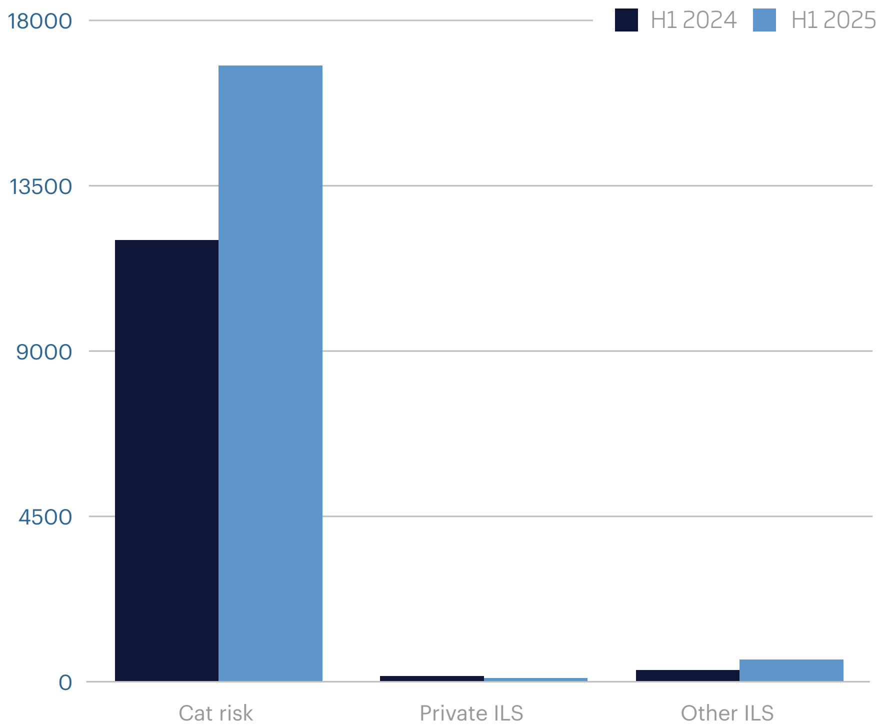
First-half issuance by type

144A property cat bond issuance has set a new annual record of $16.8 billion in the first half of 2025, above H1 2024's $12.1 billion and the previous annual high of $16.6 billion. The July pipeline suggests $17 billion will be exceeded for these types of deals in 2025, which is staggering, as $10 billion in 144A issuance happened for the first time in just 2020, which is yet another sign of how phenomenal 2025 issuance has been.

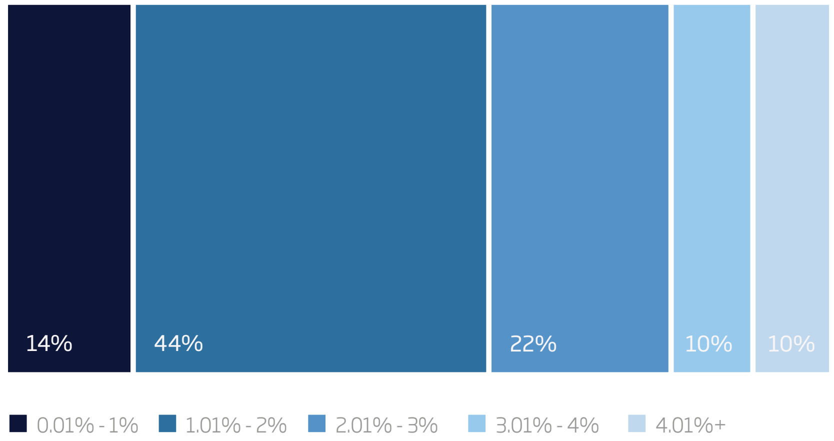
It's a similar story for total Rule 144A issuance, so including deals covering non-catastrophe exposures. The annual record for these types of deals was set in 2024 at $17.2 billion but has been beaten by H1 2025's $17.4 billion. Again, it's going to be interesting to see just how high 144A issuance is at year-end.

Transactions covering non-cat risks totalled $655 million in H1 2025, although all of this came to market in Q1, compared with $360 million in H1 2024.

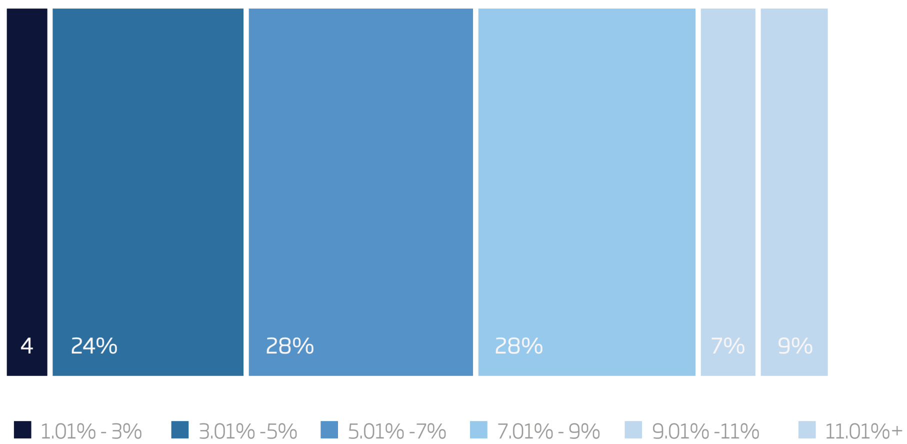
In H1 2025, private, or cat bond lite issuance fell year-on-year to $140.3 million from $198 million in H1 2024. These streamlined transactions remain a popular route for some and are a valuable part of the cat bond universe.



First-half issuance by expected loss



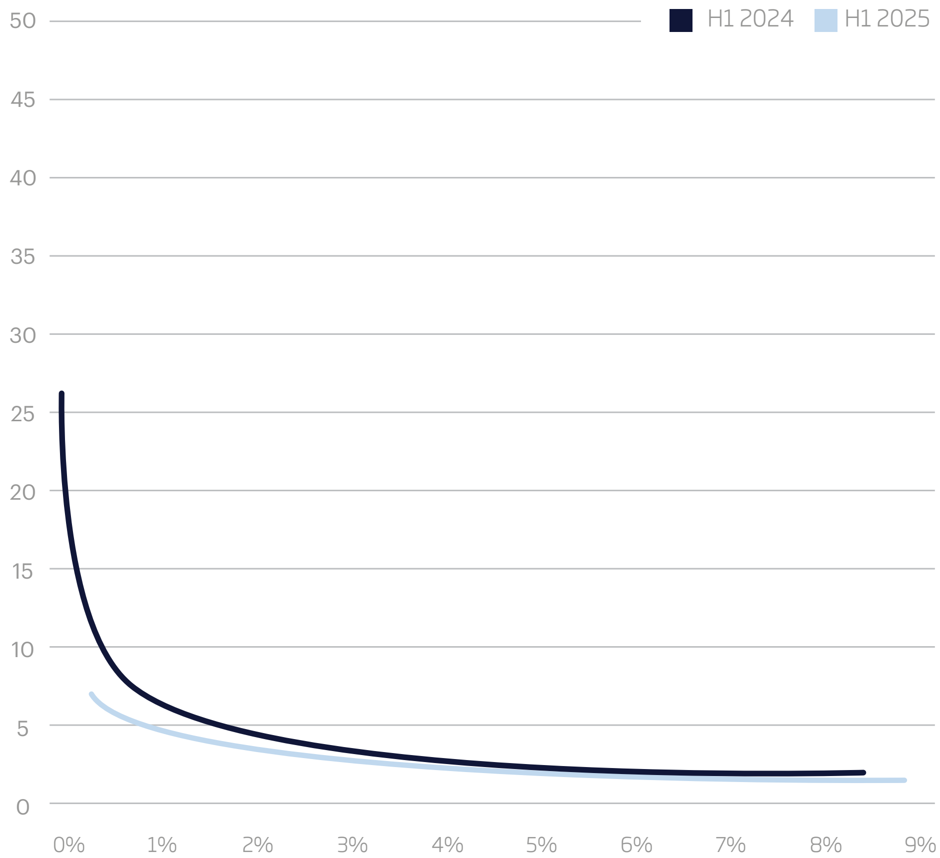
First-half issuance by spread pricing



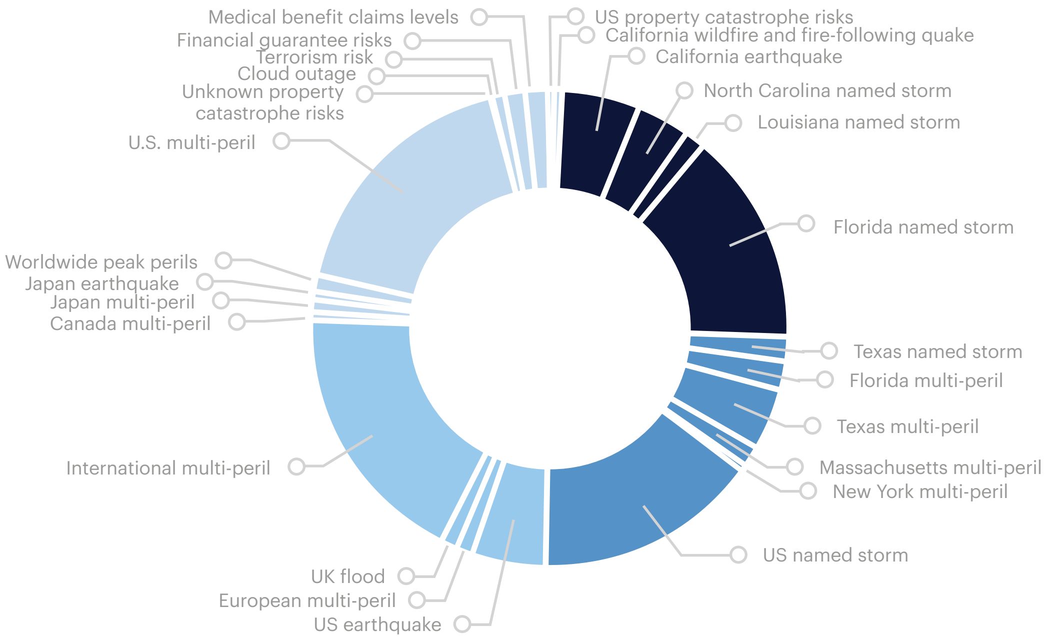
First-half expected loss & multiple year-on-year

This chart plots the expected loss and multiple of tranches of notes issued in H1 2024 (dark blue line) and H1 2025 (light blue line).

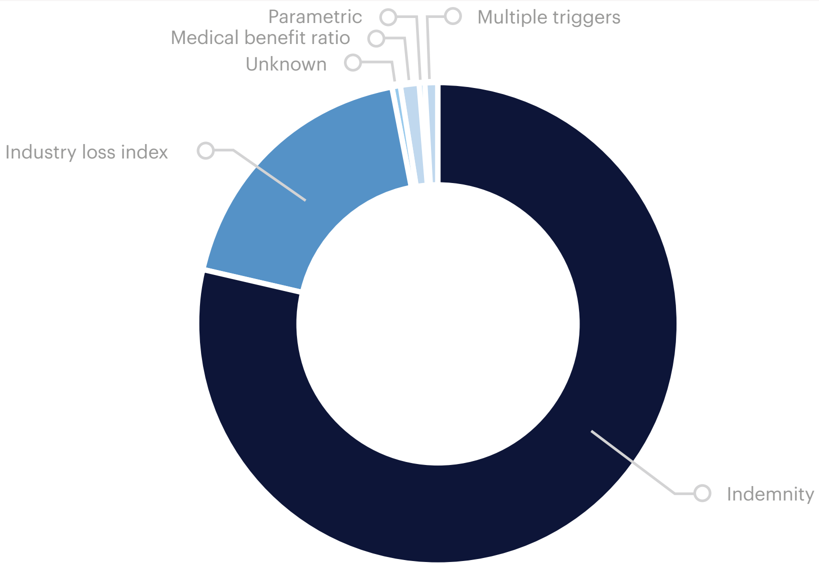
Although some of the less risky deals, those with lower expected losses, in H1 2024 achieved slightly higher multiples when compared to a similar expected loss in H1 2025, the trend for both years is consistent with what we've been seeing in the market for some time, being that the market has softened slightly but transaction volume suggests investors remain comfortable with the spread multiples on offer.



First-half issuance by peril



First-half issuance by trigger



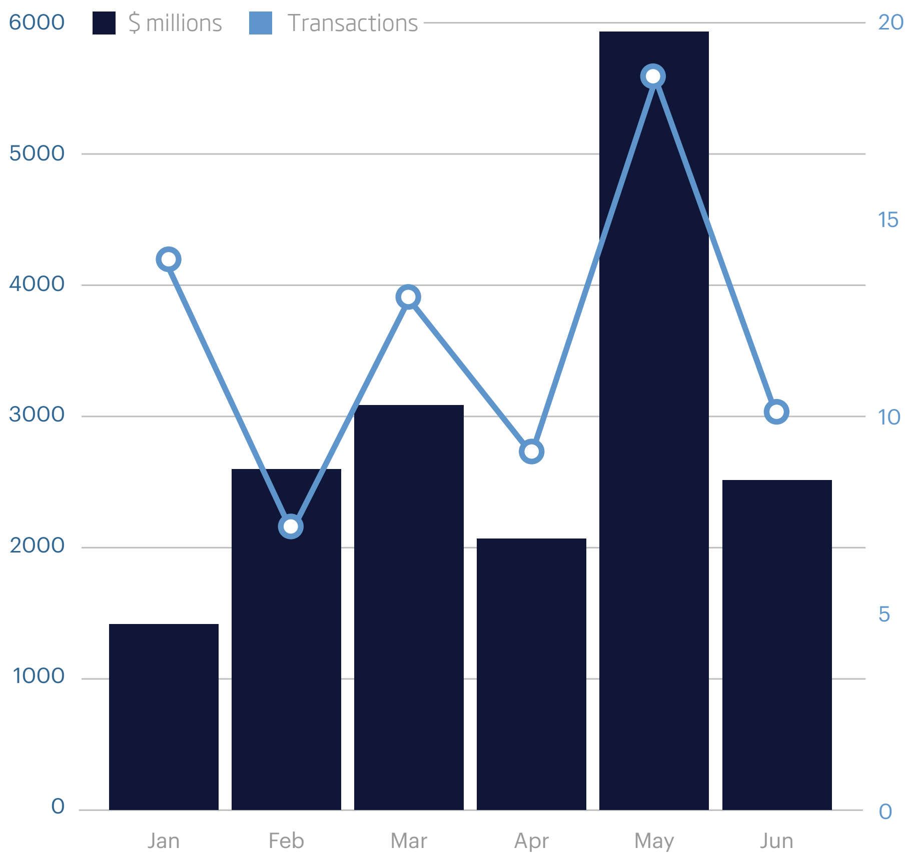
First-half transactions & volume issued by month

The number of transactions issued is yet another record H1 2025 has taken from H1 2024, by some way as well, as this year's $17.6 billion total came from 72 transactions, compared with 58 transactions and $12.6 billion of issuance last year.

Impressively, four of the six months so far in 2025 saw new issuance records, the exceptions being January and April, which both still had very strong activity levels this year.

In fact, January issuance of $1.4 billion from 14 transactions is the second highest issuance ever for the month, and the second most transactions issued in a month this year. Just seven transactions were issued in February, but at $2.6 billion it was still a record month. In March, 13 transactions were issued, bringing $3.1 billion of risk capital to market, taking Q1 to a record.

As we've explored throughout this report, things really picked up in the second quarter, which began with $2.1 billion of April issuance from nine transactions, the second most active April ever in terms of deal volume. May 2025 is the most active month of cat bond issuance ever, at $5.9 billion from 19 transactions. June issuance also set a record at $2.5 billion from 10 transactions, and this could have been even higher had some deals not slipped into Q3.



All catastrophe bond and ILS issuance data sourced from the Artemis Deal Directory.

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