



# Q2 2026 Catastrophe Bond & ILS Market Report

Cat bond market shows high bars are set to be broken, as records fall again

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**Erin Courcey**  
SVP, Head of Sales  
M: 667 786 1328

[erin.courcey@computershare.com](mailto:erin.courcey@computershare.com)



**Michael Alfano**  
VP, Business Development  
M: 904 763 0559

[michael.alfano@computershare.com](mailto:michael.alfano@computershare.com)



**Charles Baker**  
SVP, Captive Insurance  
M: 813 546 5191

[charles.baker@computershare.com](mailto:charles.baker@computershare.com)

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# INTRO

The Artemis Q2 2026 catastrophe bond and related insurance-linked securities (ILS) market report analyses the record of more than \$11.3 billion of issuance in the period from a quarterly record 48 transactions comprised of 80 tranches of notes.

The second quarter of 2026 is the largest ever for cat bond issuance. It's the first time quarterly issuance has surpassed \$11 billion, beating the previous record set in H1 2025 by over \$842 million. A new quarterly issuance record of \$11.3 billion has also been set for 144A property cat and total 144A issuance. Q2 2026 also featured the largest month of cat bond issuance since we began tracking the sector, as the record 20 deals completed in May brought almost \$7 billion of risk capital to market.

The huge level of issuance followed the second-busiest Q1 in the market's history, and combined, H1 2026 issuance has hit a new high of almost \$18 billion, up on last year's previous record of \$17.6 billion. 2026 is already the second-largest year for issuance ever, behind only 2025's record \$25.6 billion. H1 2026 has also set issuance records for 144A property cat and total 144A issuance at \$17.3 billion and \$17.7 billion, respectively. Both of these figures are above full-year issuance for every year since the market's inception except 2025.

At the end of 2025, the outstanding cat bond market size was a then record \$61.3 billion, but this was beaten in Q1 as a strong quarter ensured market growth to \$63.9 billion. The trend persisted in Q2 despite \$9.6 billion of maturities, which includes some early redemptions, as the outstanding market hit \$65.6 billion at the end of June, a new end-of-quarter high.

The majority of Q2 issuance came from repeat sponsors, although nine new sponsors did enter the market, which is another quarterly record.

In this report, we dissect and compare year-on-year, quarterly and half-year 2026 issuance by a range of metrics, including peril and trigger, and also explore pricing dynamics as reinsurance market softening continues and demand for ILS solutions remains very strong.

# Transaction Recap

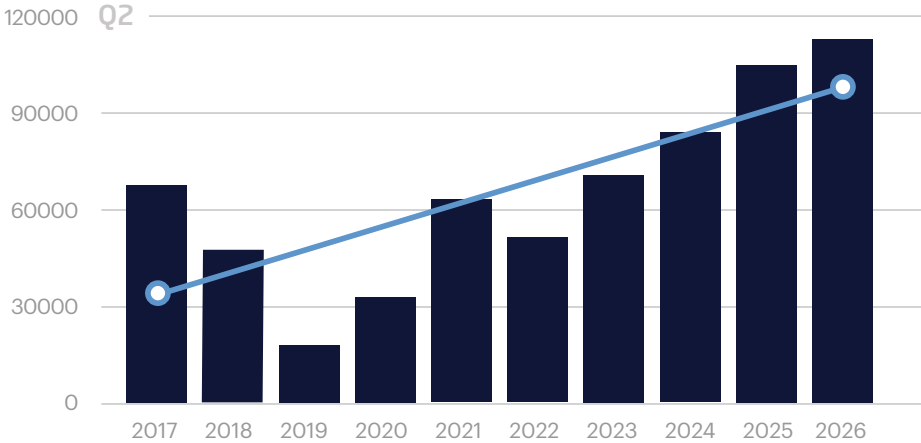
The table below is based on data from the Artemis Deal Directory and lists the record 48 cat bond transactions that were placed in the second quarter. Although the majority of deals came from repeat sponsors, a quarterly record of nine new sponsors entered the market for the first time this quarter, with inaugural deals from Olympus Insurance, One Alliance North America Insurance, Tajikistan, Kyrgyz Republic, People's Trust Insurance, Mangrove Property Insurance, Oak Reinsurance Syndicate 2843, Syndicate 3123 (Fidelis Partnership), and Gothaer Allgemeine Versicherungen AG.

ISSUER / TRANCHE	SPONSOR	PERILS	\$M	DATE
Yardstick Re DAC (Series 2026-1)	Gothaer	German flood	114	Jun
Arthur Re Ltd. - Woody Re 2026-1	Syndicate 3123 (Fidelis Partnership)	International multi-peril	75	Jun
Lower Ferry Re Ltd. (Series 2026-1)	NJM Insurance	US named storm	250	Jun
Galileo Re Ltd. (Series 2026-1)	XL Bermuda	Unknown property cat risks	67.5	Jun
Kilimanjaro III Re Ltd. (Series 2026-1)	Everest Re	International multi-peril	350	Jun
Kilimanjaro III Re Ltd. (Series 2026-2)	Everest Re	International multi-peril	280	Jun
Luca Re Ltd. (Series 2026-1)	Mercury Insurance	California wildfire and fire-following earthquake	150	Jun
Windmill III Re DAC (2026-1)	Achmea Reinsurance	European windstorm	114	Jun
Ramble Re Ltd. (Series 2026-1)	Arch Capital	International multi-peril	150	Jun
Mayflower Re Ltd. (Series 2026-1)	Massachusetts (MPIUA)	Massachusetts multi-peril	150	Jun
Commonwealth Re Ltd. (Series 2026-1)	The Hanover Insurance	US multi-peril	150	Jun
Raptor Re 2026-1 - White Rock Insurance	Unknown	Unknown property cat risks	14.85	Jun
Sutter Re Ltd. (Series 2026-1)	CEA	California earthquake	425	Jun
Arthur Re Ltd. - Quercian Re 2026-1	Syndicate 2843 (Oak Re)	International multi-peril	150	Jun
Sanders Re III Ltd. (Series 2026-3)	Allstate	Florida multi-peril	30	Jun
Solomon Re Ltd. (Series 2026-1)	Korean Re	International multi-peril	75	May
Artex Axcell Re (Series FE0005)	Unknown	Japanese peril	3.8	May
Sanders Re III Ltd. (Series 2026-2)	Allstate	Florida multi-peril	200	May
Chartwell Re Ltd. (Series 2026-1)	US Coastal insurers	US named storm	100	May
Aquila Re I Ltd. (Series 2026-1)	Nationwide Mutual	US multi-peril	350	May
Buttonwood Re Ltd. (Series 2026-1)	Mangrove Property Insurance	Florida named storm	111	May

ISSUER / TRANCHE	SPONSOR	PERILS	\$M	DATE
Atlas Capital DAC (Series 2026-1)	SCOR	International multi-peril	75	May
IBRD CAR Jamaica 2026	Government of Jamaica	Jamaica named storm	200	May
Long Point Re IV Ltd. (Series 2026-1)	Travelers	US multi-peril	750	May
Alamo Re Ltd. (Series 2026-1)	TWIA	Texas multi-peril	750	May
Merna Re Enterprise II Ltd. (Series 2026-1)	State Farm	US multi-peril	1500	May
Matterhorn Re Ltd. (Series 2026-2)	Swiss Re	US named storm	250	May
Everglades Re II Ltd. (Series 2026-1)	Florida Citizens	Florida named storm	600	May
GWS Re Limited (Series 2026-1)	People's Trust Insurance	Florida named storm	100	May
Mountain Re Ltd. (Series 2026-1)	Spinnaker Insurance	US multi-peril	100	May
Residential Reinsurance 2026 Ltd (Series 2026-1)	USAA	US multi-peril	825	May
Recoletos Re DAC (Series 2026-1)	Mapfre Re	US named storm	200	May
Torrey Pines Re Ltd. (Series 2026-1)	Palomar Specialty Insurance	US multi-peril	410	May
Hypatia Ltd. (Series 2026-1)	Convex Re	International multi-peril	175	May
Bayou Re Ltd. (Series 2026-1)	Louisiana Citizens	Louisiana named storm	150	May
Asian Development Bank - Kyrgyz Republic 2026	Kyrgyz Republic	Kyrgyz Republic multi-peril	80	Apr
Asian Development Bank - Tajikistan 2026	Tajikistan	Tajikistan multi-peril	80	Apr
Armor Re II Ltd. (Series 2026-1)	American Coastal	Florida multi-peril	200	Apr
Winston Re Ltd. (Series 2026-1)	Tower Hill Insurance Exchange	Florida named storm	375	Apr
London Bridge 2 PCC Limited (Titania Re 2026-1)	Syndicate 1910 (Ariel Re)	US multi-peril	125	Apr
One Shield Re Ltd. (Series 2026-1)	One Alliance North America Insurance	US multi-peril	115	Apr
Palm Re Ltd. (Series 2026-1)	Florida Peninsula Insurance	Florida named storm	250	Apr
Turicum Re Ltd. (Series 2026-1)	Zurich American Insurance	US multi-peril	150	Apr
Hestia Re Ltd. (Series 2026-1)	Kin Interinsurance Network	US named storm	335	Apr
Abacab Re Ltd. (Series 2026-1)	Olympus Insurance	Florida named storm	120	Apr
Nakama Re Pte. Ltd. (Series 2026-1)	Zenkyoren	Japan earthquake	100	Apr
LI Re (Series 2026-2)	Unknown	Unknown property cat risks	2	Apr
LI Re (Series 2026-1)	Unknown	Unknown property cat risks	2	Apr

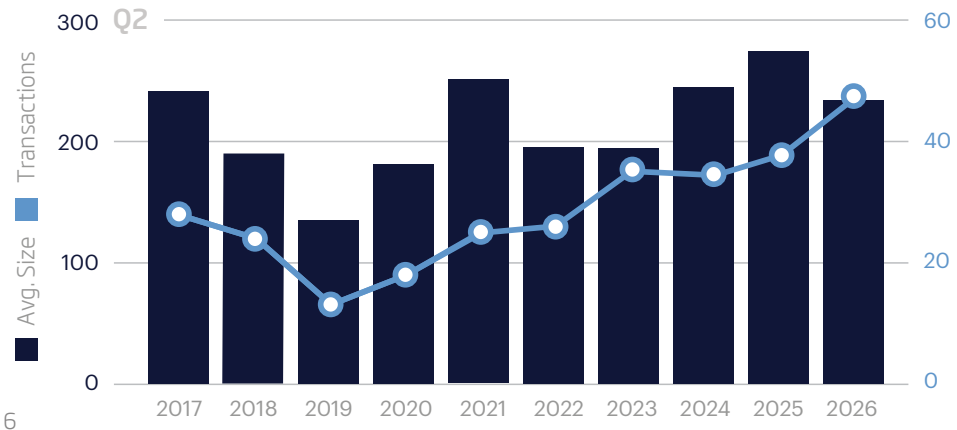
## Q2 issuance by year (\$M)

For the first time in the market's history, quarterly cat bond issuance exceeded \$11 billion in the second quarter of 2026, rising by more than \$842 million, or 8% from last year's previous high of \$10.5 billion to over \$11.3 billion. This is roughly \$4.8 billion, or 73% higher than the 10-year average for the quarter, and ensured a new issuance record was set for the fourth consecutive second quarter, as continued strong appetite from sponsors and investors took the market to new heights.



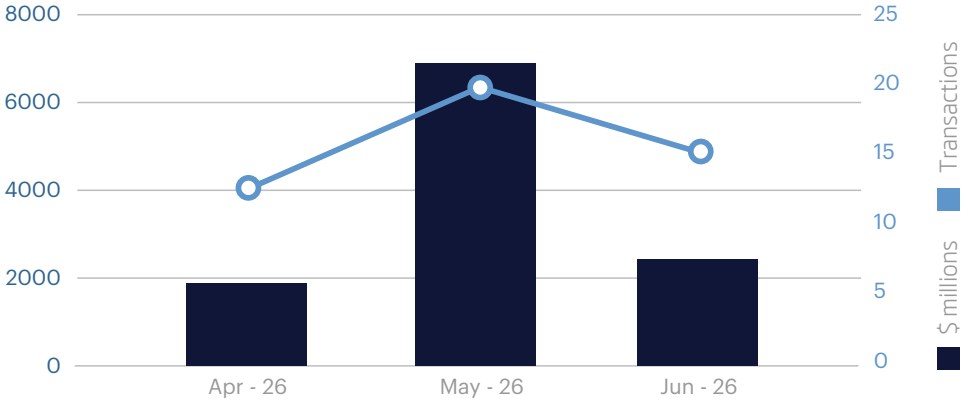
## Q2 average transaction size & number of transactions by year (\$M)

48 transactions came to market in the second quarter of 2026, which is a record not only for Q2 but for any quarter in the market's history. The previous Q2 record was 38 deals set in 2025, and this year's number of deals is 18.9 above the 10-year average for the quarter. Year-on-year, the average size of deals issued fell to \$236 million from \$276 million, but it is still more than \$20 million above the 10-year average for the period. Q2 2026 marks the third consecutive Q2 with an average deal size of more than \$235 million.



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

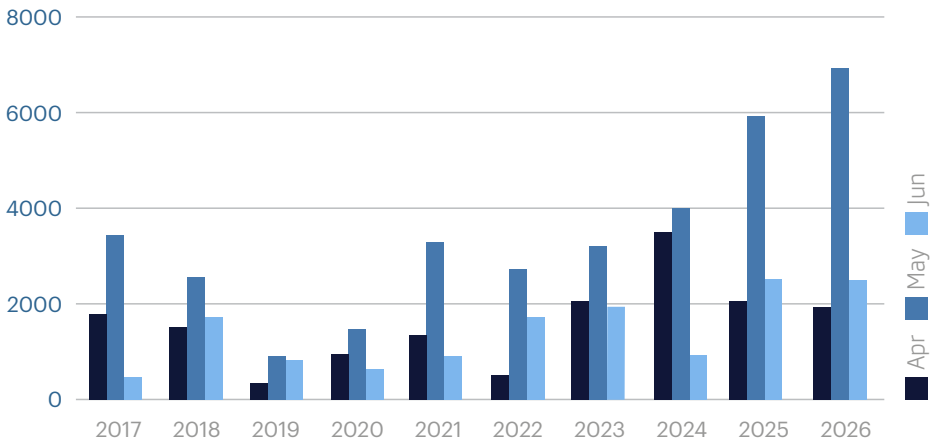
After record March issuance of \$3.4 billion in 2026, April issuance fell by \$1.21 billion year-on-year to over \$1.9 billion, but is still above the 10-year average for the month of \$1.6 billion. In April 2026, 13 transactions came to market, including two private deals, compared with nine transactions in April 2025.



## Q2 issuance by month & year (\$M)

Last year, May issuance hit a huge \$5.9 billion, making it the most active month ever for cat bond issuance, but May 2026 has set a new monthly record of more than \$6.9 billion, the only month in the market's history to see more than \$6 billion of issuance. May 2026 issuance is roughly \$3.5 billion above the 10-year average for the month, and came from 20 transactions, the most completed in a single month, and includes the \$1.5 billion Merna Re deal.

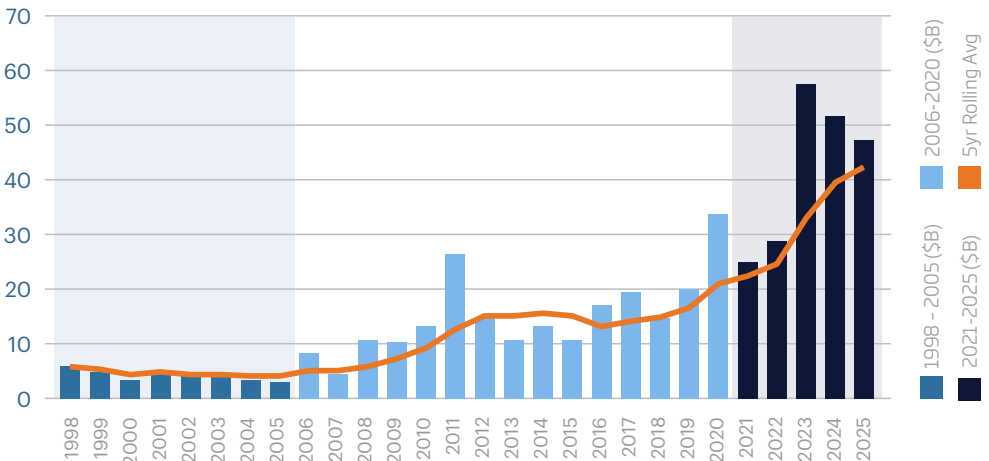
Similar to April, June 2026 issuance failed to break records but was still very strong at almost \$2.5 billion. It's only the second time June issuance has exceeded \$2 billion after last year's record \$2.5 billion for the month. June 2026 issuance came from 15 transactions, which is up from the prior year's 10.



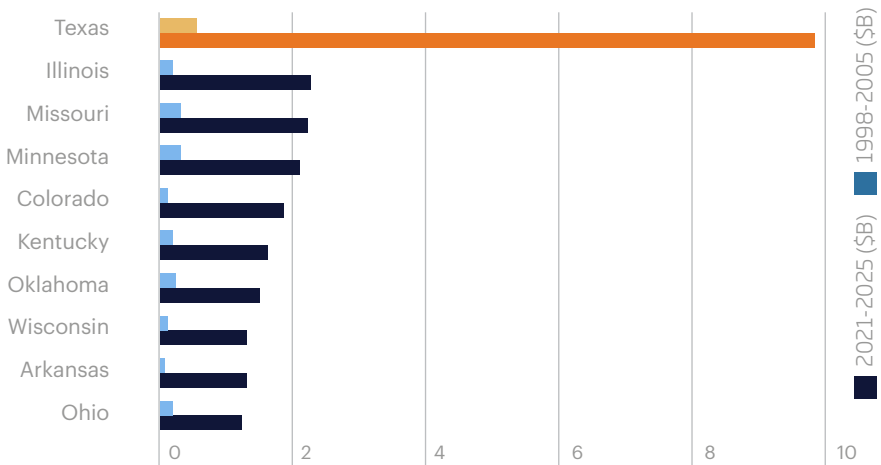
# Exposure Concentration and Claim Severity: The two forces driving Severe Thunderstorm insured loss growth

As the market softens and aggregate and multi-peril features return to many catastrophe bond structures, losses from severe thunderstorms (ST) could once again have a significant role to play. Verisk loss data from 1998 to 2025 shows average annual ST insured losses in the United States increasing from approximately \$4 billion (1998–2005) to over \$40 billion (2021–2025) with the data pointing to two drivers: a national increase in insured exposure across ST-exposed states, and a sustained rise in the average cost of claims.

**Total U.S. Severe Thunderstorm Insured Losses**



## Average Annual Severe Thunderstorm Losses by State (Top 10)



### Exposure Concentration.

ST losses have grown across every major exposed state. Annual claims grew nationally from 1.3 million (1998–2005) to 3.5 million (2021–2025) as more storms meet the \$25 million threshold for PCS catastrophe designation, with personal lines growing from 900,000 to 2.2 million per year and auto from 296,000 to 1.1 million. Missouri, Illinois, Colorado, and Minnesota each experienced more than \$9 billion of cumulative loss over the same period, and Wisconsin, Arkansas, and Georgia have seen similar proportional growth, driven by residential and auto exposure expanding into previously undeveloped land.

Texas is the most pronounced example of this national trend. Verisk recorded Texas accounting for 95% of all Q1 2025 CAT claims nationally, with events affecting the state rising from 6 per year (1998–2005) to 32 (2021–2025).

Texas' proportion of total insured losses from ST events grew from 13% to 23%, with five designated events each exceeding \$1 billion in Texas in 2024 alone. Since 2000, Texas has added over 10 million residents, consistently growing at more than twice the national rate. That population growth has seen city footprints expand into previously undeveloped areas, with suburbs surrounding Dallas–Fort Worth and Houston now among the fastest-growing communities in the United States.

In Texas specifically, personal lines claims grew from 101,000 to 519,000 per year and auto from 50,000 to 355,000, both mirroring state-level population and vehicle density growth. While increasing in absolute terms, commercial claims per event fell over the period, as much of the increased event frequency is registered in areas with high concentrations of residential exposures.

## Claim Severity.

In addition to the increased exposure concentration, the average costs per claim saw a significant increase. Verisk data shows residential reconstruction costs increased 63.7% between 2014-2024, with the pace of increase doubling after 2019.

While the average cost per claim trend for personal lines increased in line with construction costs, commercial lines saw an even sharper increase, with average commercial claim payments growing from \$7,000 (1998-2005) to over \$47,000 (2021-2025). This increase was driven not only by increased reconstruction costs, but also by a shift in the exposure profile for commercial risks with solar farms, data centres, and other complex risks becoming more prominent in ST-exposed states.

The average cost per claim for auto has also risen steadily. The increased complexity of vehicles results in 28% of all vehicle repairs now requiring ADAS sensor calibration, while average total loss settlement values remain 34% above 2020 levels.

As ILS transactions see greater exposure to ST, understanding the changing profile of this peril is crucial for those structuring and pricing this risk.



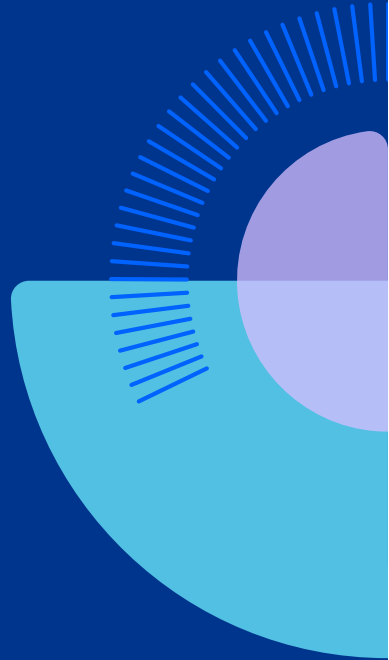
**Harry White**

Head of Commercial Strategy, PCS, Verisk  
HaWhite@verisk.com



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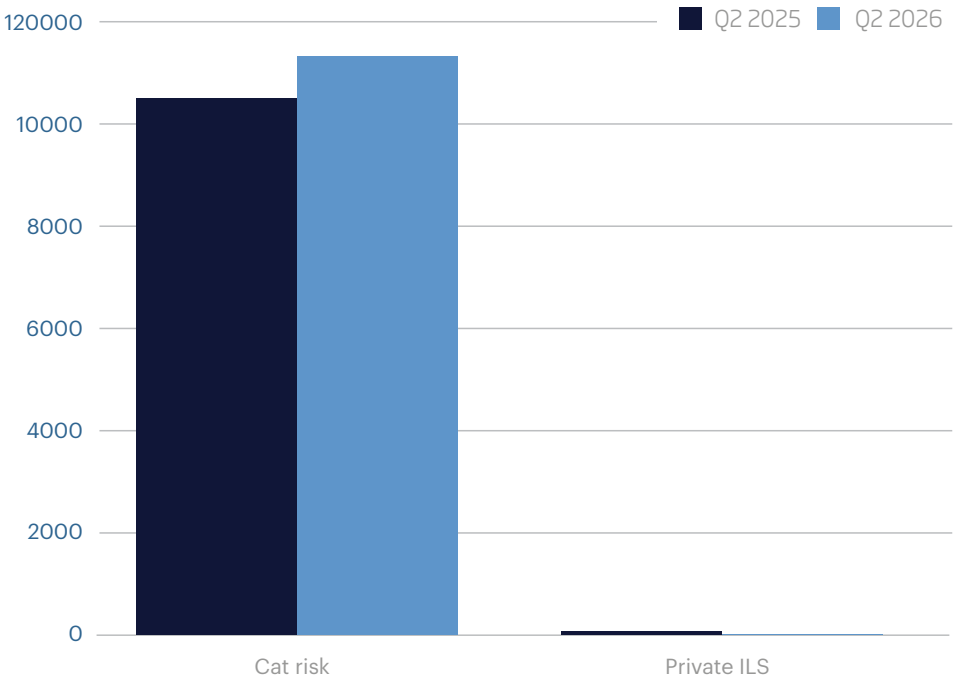
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## Q2 issuance by type

Traditional 144A property catastrophe bonds account for more than 99%, or \$11.3 billion, of Q2 2026 issuance, which is a new quarterly record for these types of deals, above the previous high set in Q2 2025 of \$10.5 billion. It's the first time quarterly 144A property cat bond issuance has exceeded \$11 billion. What's remarkable is that, except for 2025, 2024, 2023, and 2021, issuance in Q2 2026 for these types of deals is higher than full-year issuance for all previous years, according to data from the Artemis Deal Directory.



The remainder, almost \$23 million of quarterly issuance, was privately placed, or cat bond lite transactions. Two of these were sized at just \$2 million, one at \$3.8 million, and one at \$14.85 million. All of these private deals cover catastrophe risks. Year-on-year, private cat bond issuance decreased by 38%.

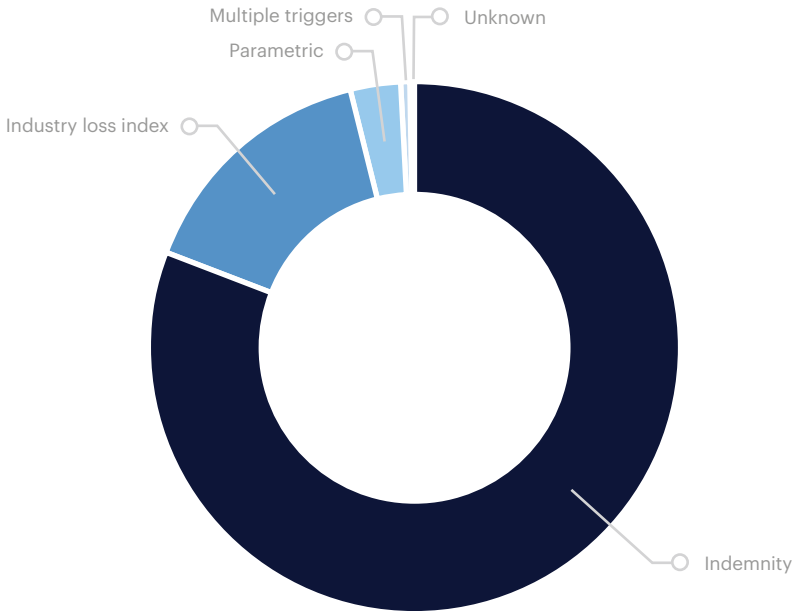
In line with last year, no deals came to market covering non-catastrophe risks in Q2 2026.

## Q2 issuance by trigger

In Q2 2026, deals structured with an indemnity trigger once again dominated, accounting for 81%, or \$9.2 billion of issuance, which is a similar contribution to last year. 55 out of the 80 tranches of notes issued in the quarter utilised this type of trigger.

Over \$1.7 billion, or 15% of quarterly issuance, leveraged an industry loss index trigger, with 17 tranches of notes structured this way. Investors also welcomed some parametric trigger diversification in the quarter, although this was limited with just three tranches of notes, amounting to \$360 million, or just over 3% of issuance structured with a parametric trigger. One tranche placed in Q2 2026 used both an industry loss and a parametric trigger, although this was small at just \$50 million, so it accounted for less than 1% of issuance.

We do not have trigger information for the \$22.65 million of privately placed deals.

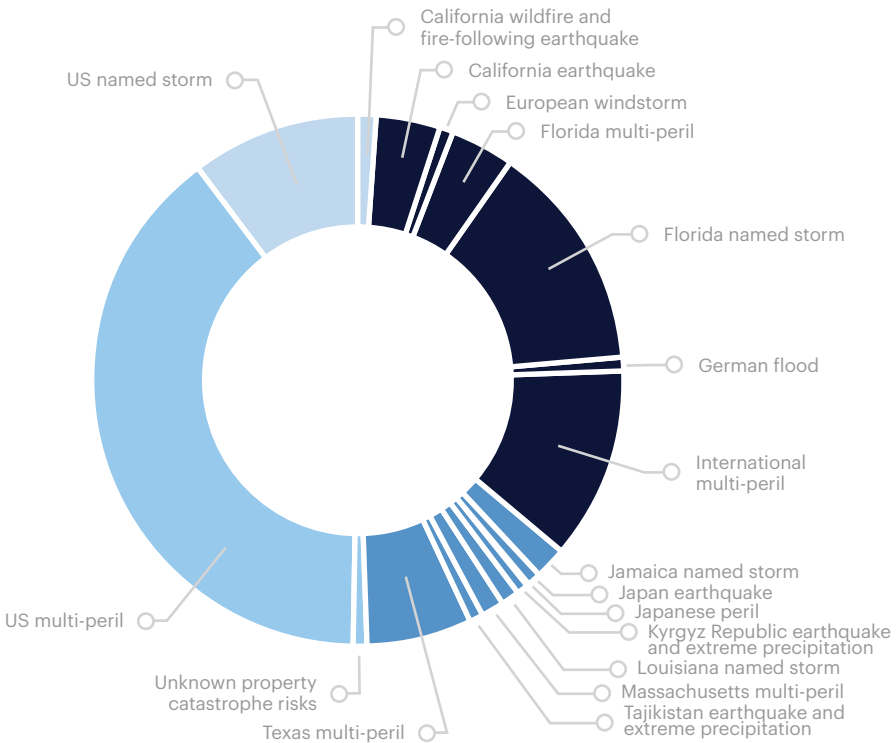


## Q2 issuance by peril

Although 144A transactions covering US perils again dominated cat bond issuance, geographical diversification was particularly strong in the second quarter, and for the first time included earthquake and extreme precipitation risks in the Kyrgyz Republic and Tajikistan as the Asian Development Bank issued its first cat bond notes.

Additionally, fellow first-time sponsor Gothaer Allgemeine Versicherungs brought some German flood risk to market, while Achmea Reinsurance sponsored another European storm deal. The Government of Jamaica returned this quarter with its third issuance, providing protection for named storms in the country.

Also outside of the US, Zenkyoren sponsored another Japanese earthquake deal, and one of the private deals covers Japanese perils.



Together, all of the deals mentioned above contributed \$691.8 million, or 6% of quarterly issuance, with the remainder covering US or multiple international perils, although all of these include some US exposure, as well as multiple Canadian perils and a slice of Israel earthquake risk. Combined, deals covering US named storms, Florida named storms, Louisiana named storms, multiple US perils, multiple Texas, Florida and Massachusetts perils, as well as California earthquake and wildfire, totalled more than \$9.2 billion, or 81% of Q2 issuance.

Less than 1%, or \$86.35 million of quarterly issuance, covers unknown property catastrophe risks.



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# Optimising the Investment Triangle: Expanding the ILS Opportunity Set

## Executive summary

The catastrophe bond (cat bonds) market has evolved into a well-established institutional asset class, offering attractive diversification and liquid access to catastrophe risk. Yet cat bonds represent only part of the insurance-linked securities (ILS) universe. Investors able to access both public and private ILS markets may benefit from a broader opportunity set, additional diversification sources and relative value opportunities that are often unavailable through cat bonds alone. While private ILS involves reduced liquidity, its generally short-duration nature can allow investors to seek enhanced risk-adjusted returns without necessarily accepting the multi-year capital lock-ups associated with many other private market strategies.

Institutional investors have long viewed the investment “magic triangle” as a fundamental constraint: higher expected returns typically require accepting either greater risk or reduced liquidity.

This principle also applies within ILS. Compared with cat bonds, private ILS investments can offer the potential for higher expected returns, but generally involve accepting greater underwriting risk, reduced liquidity, or both. The key question for investors is whether they are being adequately compensated for these trade-offs.

Within a diversified ILS portfolio, the relationship between return, risk and liquidity is often more nuanced than in many other asset classes. By accessing both public and private markets, investors may be able to improve portfolio efficiency, broaden diversification and exploit

relative value opportunities that are unavailable when investing in either market in isolation. Yet the cat bond market remains only a subset of the global risk transfer market.

Beyond publicly issued cat bonds lies a substantially larger universe of privately negotiated reinsurance transactions, retrocession contracts and parametric structures. This broader market provides access to risks, counterparties and transaction formats that are often unavailable in securitised form. For investors with the appropriate expertise and governance framework, these segments can offer attractive opportunities to enhance diversification and improve portfolio efficiency.

The key advantage is not simply access to more risk, but access to a broader set of pricing mechanisms.

Supply and demand dynamics are frequently different in the cat bond and reinsurance markets. Capital flows, renewal cycles and participant behaviour are not always synchronised, creating periods where comparable risks are priced differently across public and private markets. An integrated investment approach allows capital to be allocated dynamically towards the most attractive opportunities irrespective of market format.

This flexibility can be particularly valuable following major catastrophe events or during key renewal periods, when pricing adjustments often emerge at different speeds across market segments. Investors restricted to a single market may be unable to exploit these temporary dislocations.

Private ILS also offers access to a wider range of transaction structures. Parametric solutions, bespoke attachment profiles and customised coverage can provide exposure characteristics that are difficult to replicate through cat bonds alone. These features can be particularly valuable when constructing portfolios designed to optimise specific risk-return objectives.

Liquidity, naturally, remains an important consideration.

Private ILS does not offer the secondary market liquidity associated with cat bonds, and capital may remain committed beyond expected maturities in certain loss scenarios or following significant catastrophe events. However, unlike many private market strategies, the underlying contracts are generally short duration, with most transactions renewed annually or more frequently. As a result,

investors are often accepting reduced liquidity rather than permanent illiquidity, while retaining the ability to actively reposition portfolios over successive underwriting cycles.

The ability to compare opportunities consistently across both public and private markets requires significant investment in underwriting expertise, analytics, technology and origination capabilities. Understanding differences in contractual terms, cedant quality, structural features and capital efficiency is critical when evaluating relative value opportunities.

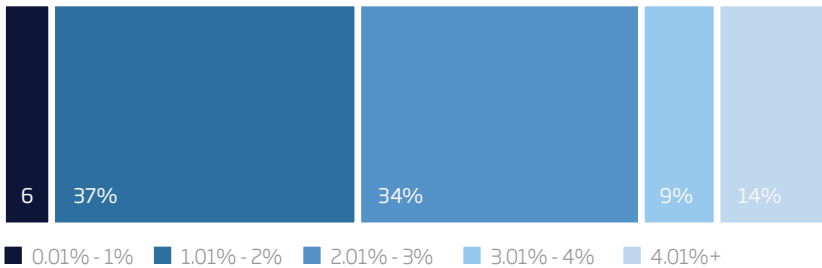
For this reason, successful implementation depends not only on market access but also on the ability to integrate investment decisions across the full spectrum of ILS opportunities.

### **Conclusion**

Cat bonds remain an attractive and increasingly institutionalised source of diversifying returns. However, investors focused exclusively on public markets may be overlooking a substantial portion of the available opportunity set. By combining liquid cat bonds with selectively sourced private ILS investments, investors can access broader diversification, exploit relative value opportunities and potentially improve long-term risk-adjusted returns. In doing so, they may achieve a more efficient balance between return, risk and liquidity than is available through either market in isolation.

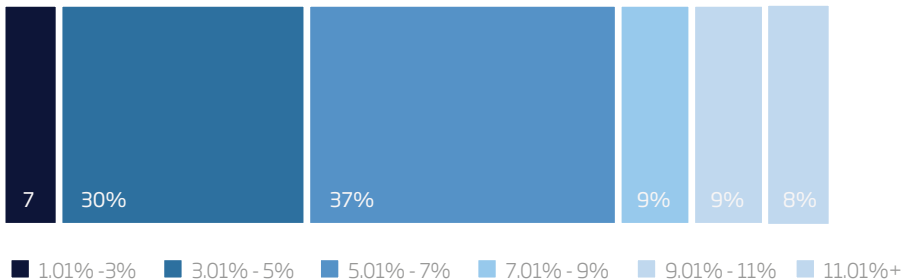
## Q2 issuance by expected loss

77%, or \$8.7 billion of Q2 2026 cat bond issuance had an expected loss of below 3%, and \$4.8 billion of this had an expected loss of 2% or less, while just 6% of issuance had an expected loss below 1%. Just over \$1 billion, or 9% of quarterly issuance, had an expected loss of more than 3% but less than 4%, while 14%, or \$1.5 billion of total issuance, had an expected loss above 4%. The Class C tranche of Hestia Re notes had the highest expected loss of the quarter at 13.09%. The Class D tranche of Buttonwood Re notes had the lowest expected loss at 0.13%.



## Q2 issuance by spread pricing

67%, or \$7.6 billion of Q2 2026 issuance paid investors a spread of between 3.01% and 7%, and just 7%, or \$774 million, paid a spread of 3% or less. \$2 billion, or 18% of quarterly issuance, paid a spread of more than 7%, but less than 11%, and 8%, or \$900 million, paid a spread of more than 11%. This quarter, the Class C tranche of Hestia Re notes offered the highest spread of 26%, while the lowest spread on offer was 1.95%, from the Class A rated tranche of Yardstick Re DAC notes.



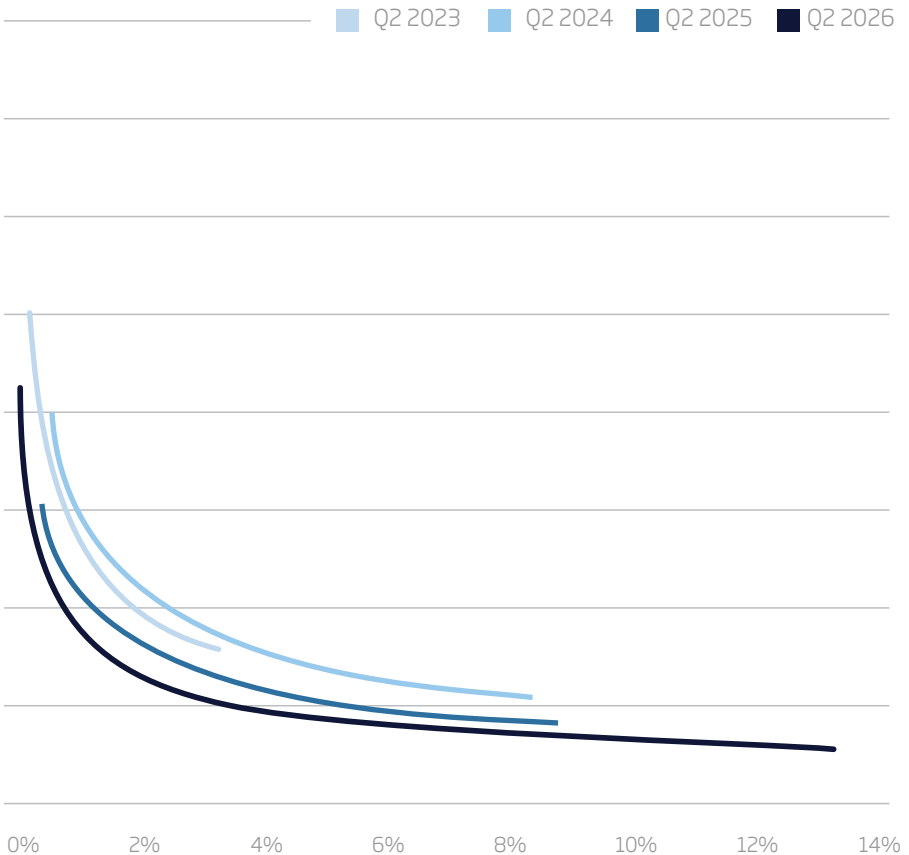
## Q2 expected loss & multiple year-on-year

This chart plots the expected loss against the multiple (spread divided by expected loss) of tranches of cat bond notes issued over the past four second quarters. The lightest blue line represents Q2 2023, the next lightest represents Q2 2024, the darker line represents Q2 2025, and the darkest blue line represents Q2 2026.

In both Q2 2023 and Q2 2024, numerous tranches of notes with an expected loss below 1% had a multiple above 10, but in Q2 2025, tranches with a similar expected loss had a lower multiple. The trend somewhat reversed this quarter, with some of the tranches with a low expected loss achieving multiples above 10, but for the most part, the Q2 2025 trend has persisted in Q2 2026.

As you can see from the chart, in Q2 2026, multiples are down compared to Q2 2025, Q2 2024, and Q2 2023 across the entire curve, for tranches with a high expected loss as well as those on the lower end.

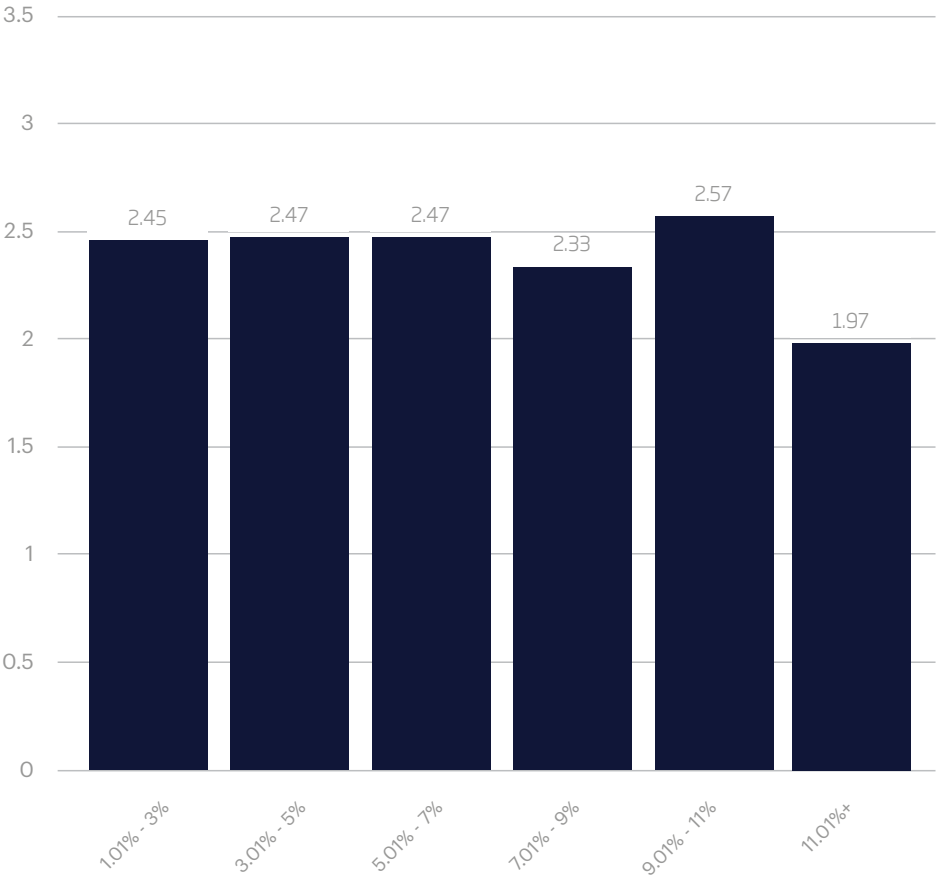
Since the beginning of 2023, catastrophe bond investors have capitalised on improved pricing dynamics. Although rate increases in the reinsurance and retrocession markets have moderated, pricing remains adequate, supporting continued investor demand for attractive risk-adjusted returns and disciplined underwriting.



## Q2 average multiple by spread pricing

In Q2 2026, the average multiple for all but the highest spread range were fairly close and landed between 2 and 3. However, for the highest spread range, 11.01%+, the average multiple was 1.97. The highest average multiple of 2.57 is for the spread range 9.01% - 11%, with the remaining ranges all achieving an average multiple of between 2.33 and 2.47.

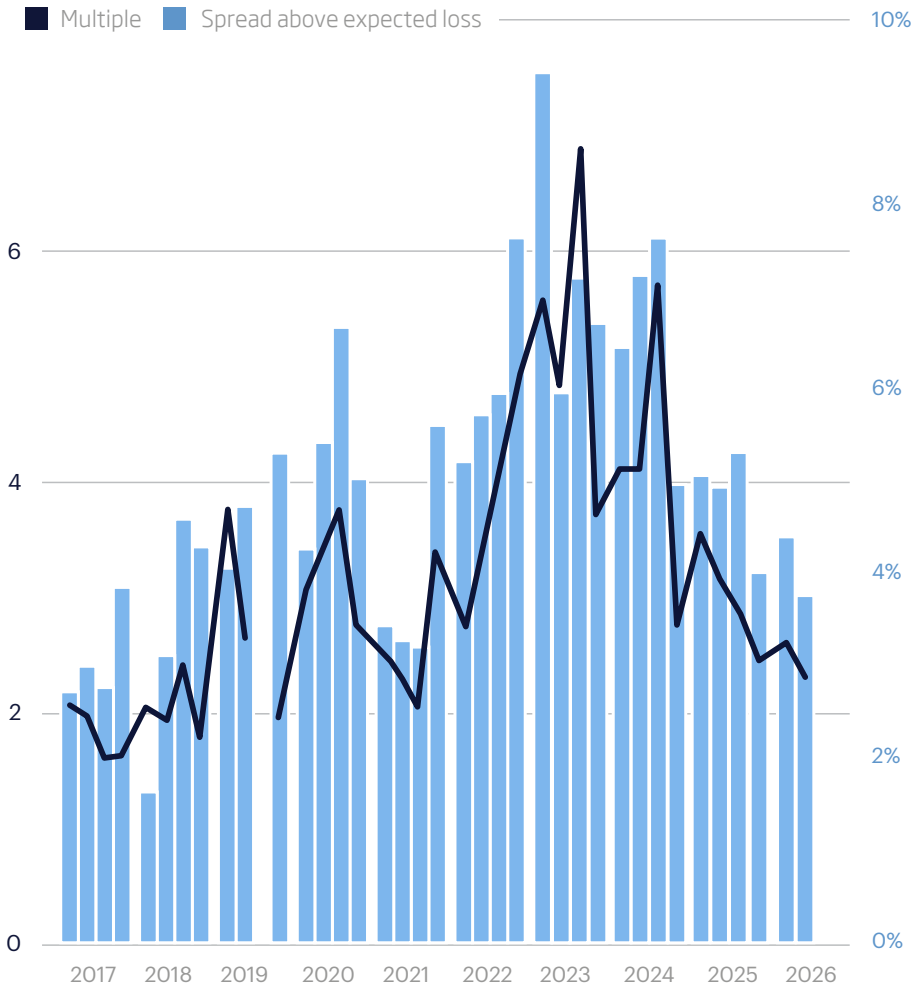
The average spread of Q2 2026 issuance is 6.63%, which is down on the previous quarter's 7.12%, and also below Q2 2025's 7.23%. The data shows that, year-on-year, cat bond spreads have continued to tighten, with all the same spread ranges in Q2 2025 achieving a higher average multiple than in Q2 2026. Only two ranges had an average multiple of less than 3 last year, while the multiple for the highest spread range was above 4.



## Multiple and spread above expected loss by quarter

Quarter-over-quarter, the average multiple-at-market decreased by 0.32 to 2.29 in Q2 2026, and is also 0.85 below Q2 2025's average multiple of 3.14. It's the first time the average multiple in the second quarter has fallen below 3 since 2021's 2.23, and is 2.53 below the Q2 record set in 2023 of 4.82. This is a similar trend to Q1 2026, and a further sign of continued reinsurance market softening from the hard market cycle and pricing peaks witnessed in 2023. The average multiple has now settled below 3 for four consecutive quarters.

In terms of the average spread above expected loss, Q2 2026's 3.74% is the lowest in a quarter since Q1 2023's 3.19%, again highlighting spread tightening in the softening environment. It's the first time in 20 quarters the average spread above expected loss has fallen below 4%. Year-on-year, this metric decreased by 1.19%, and quarter-over-quarter fell by 0.68%.



## RECORD H1'26 CAT BOND ISSUANCE DRIVEN BY RISING SPONSOR COMFORT AND DIVERSIFIED RISK, BRAD ADDERLEY, APPLEBY

With H1 2026 officially breaking the record for the most catastrophe bond deals to come to market and settle in the first six months of the year, a key trend driving this momentum is how comfortable sponsors have become with the mechanics of the overall cat bond space. This familiarity has ultimately encouraged a wave of new sponsors to enter the market, according to Brad Adderley, Managing Partner at law firm Appleby.

Given how H1 2026 has set a new record for cat bond issuance, we asked Adderley whether he has noticed any key structural shifts or emerging trends within the market that have helped drive this volume.

"I don't think there's anything fundamentally different in the structures. I think the market is going to continue to gain further momentum simply because more people are becoming comfortable with cat bonds and insurance-linked securities (ILS)," Adderley said.

"There is a lot of investor capital out there waiting to be deployed, and we are seeing a steady influx of new sponsors. On top of that, market participants are increasingly mixing different types of risks together. A few years ago, we primarily saw property catastrophe deals dominate the space, but now we are regularly seeing cyber and casualty risks being introduced. What is really driving this momentum is that people are getting comfortable and the market itself is becoming mainstream."

As highlighted, the cat bond market continues to see a significant wave of first-time sponsors entering the space. While this expanding participation is excellent for the market's long-term health, Adderley emphasises that ensuring each new sponsor's initial experience is seamless remains equally critical.

"It is incredibly important because you want that first experience in the market to be positive," Adderley explained.

“Because cat bonds are executed so frequently now, the overall process is much better than it used to be when the market was still relatively new. New sponsors today experience a much smoother, streamlined process than they would have a number of years ago.

“I don’t hear stories of flawed structures or sponsors being unhappy with how their transactions settled. Instead, I hear the complete opposite. This means the cat bond product is doing exactly what it is supposed to do, which is precisely what we want. As a direct result of that success, we are seeing more sponsors reliably returning to the market to renew their expiring deals.”

Adderley continued: “I also think both the legal documentation and market language are simpler today. With cat bonds becoming a mainstream risk transfer tool, first-time sponsors are entering the market with a much clearer idea of what the execution process is actually going to look like.”

Meanwhile, as AI remains a dominant topic across the broader re/insurance sector, Adderley remains realistic and somewhat skeptical about how much of an immediate impact it will have on the ILS and cat bond markets.

“I think AI will be used a lot more in the future, but it isn’t being utilised heavily yet. The insurance and reinsurance sectors have traditionally been slow to adapt to new technology. While AI is prominent globally, I do not see the industry acting as a first mover here. I don’t expect the sector to gravitate heavily toward it within ILS or cat bonds just yet.”

To end, Adderley highlighted that data and modeling firms introducing more robust casualty models is driving fresh momentum for the asset class.

“There are more casualty deals in the market, meaning more cash flow deals and casualty sidecars. We are definitely seeing more cat bonds for casualty business, and structures that mix both property catastrophe and casualty together. Ultimately, this shows that investors are far more sophisticated and comfortable with taking on these risks today.”

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**BRAD ADDERLEY**  
BERMUDA MANAGING PARTNER

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BRAD ADDERLEY  
Bermuda Managing Partner  
Head of Corporate  
[badderley@applebyglobal.com](mailto:badderley@applebyglobal.com)



MATTHEW CARR  
Partner  
[mcarr@applebyglobal.com](mailto:mcarr@applebyglobal.com)



CATHRYN MINORS  
Partner  
[cminors@applebyglobal.com](mailto:cminors@applebyglobal.com)

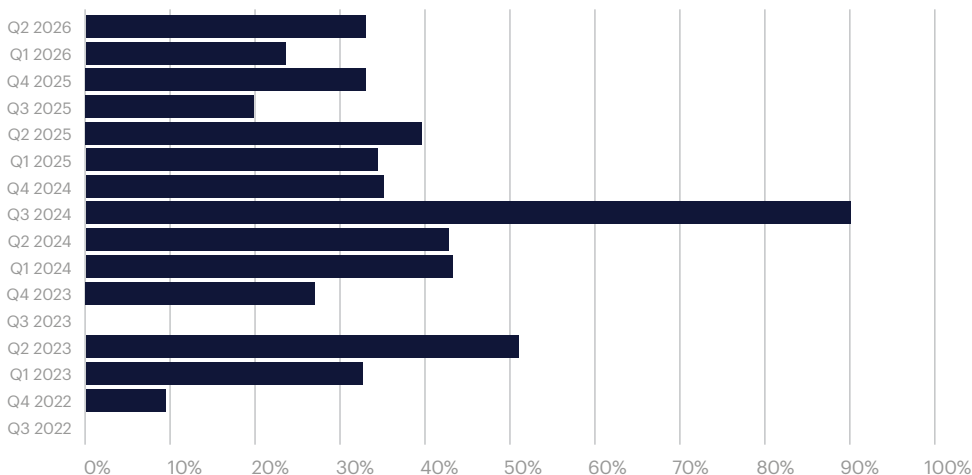


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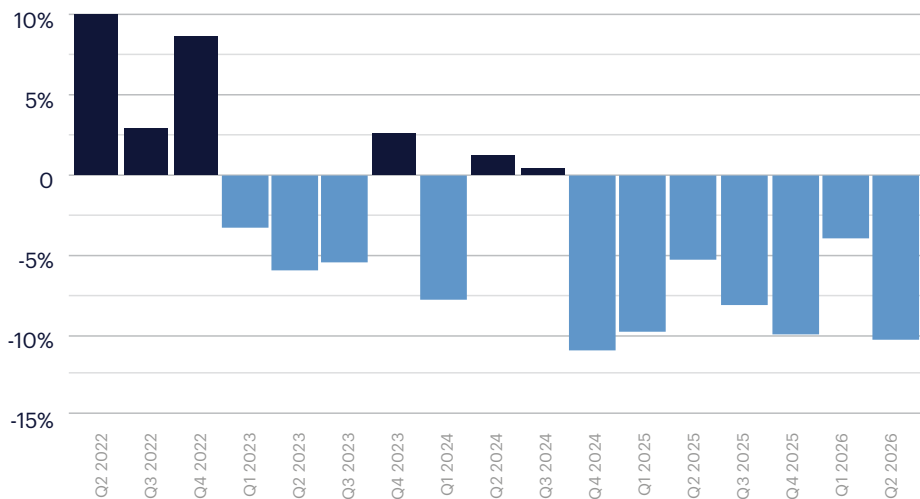
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## Issuance size and spread changes

Of the 71 tranches of cat bond notes that we have initial target and final size data for, 39 grew in size from their initial target while marketing, while 31 tranches were placed at their initial target size, and just one tranche of notes decreased in size while being marketed to investors. On average, across all 71 tranches of notes, deals increased in size by 31.6%, which is a larger increase than Q1 2026's 23.6%, but below Q2 2025's 39.9%. This quarter, one tranche grew by a significant 250% while marketing, and two other tranches grew by 200%.



For the 70 tranches of notes we have full pricing data for, the average price change from the initial mid-point of guidance is -10.2%, which is a much stronger decline than Q1 2026's -3.7%, and also Q2 2025's -5%. 60 out of the 70 tranches saw their spread decline from the mid-point of initial guidance, while seven priced above, and three priced at the mid-point. In line with the first quarter of this year, sponsors achieved strong execution on most deals brought to market in the second quarter, capitalising on strong investor appetite.



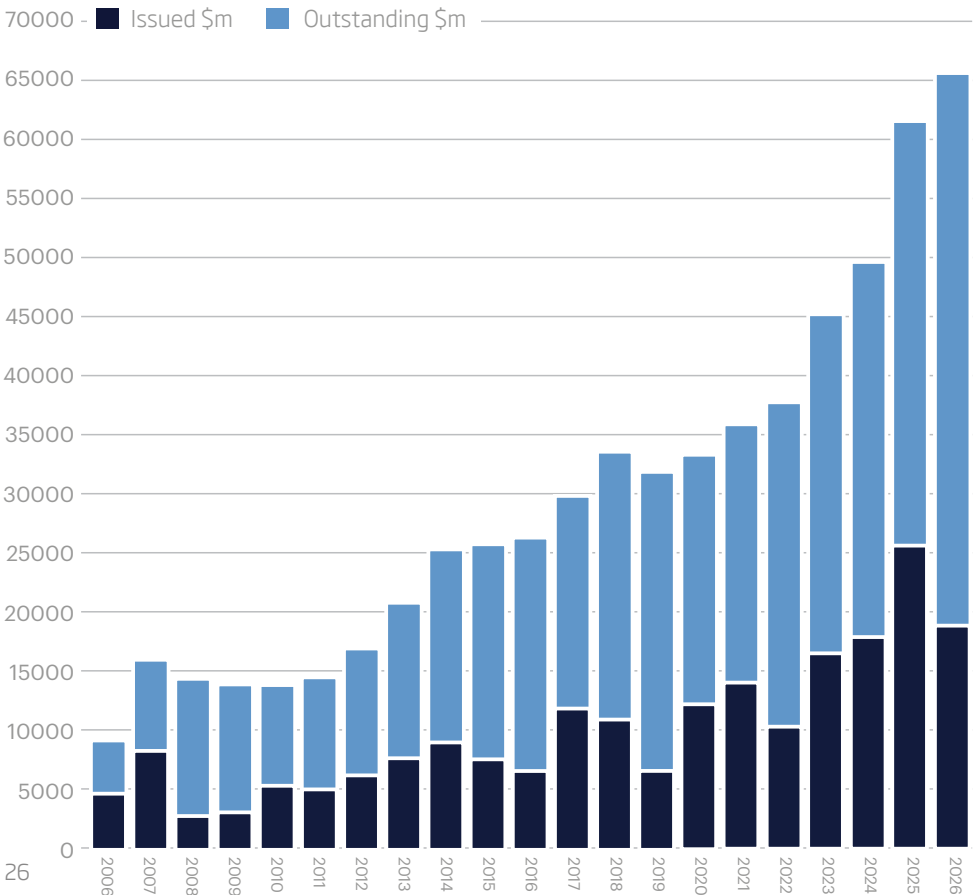
## Issued / outstanding to June 30<sup>th</sup> 2026

The record of over \$11.3 billion of Q2 issuance follows a busy Q1 of almost \$6.7 billion, taking cat bond issuance for H1 2026 to a record of almost \$18 billion (\$17.98bn to be precise), beating the previous first-half record of \$17.6 billion set in 2025. Artemis' data shows that issuance so far in 2026 is higher than full-year issuance for every year except 2025, when a record \$25.6 billion of cat bond issuance came to market.

Combined with the 35 transactions issued in Q1, the record 48 transactions completed in Q2 take the number of deals at the half way stage of 2026 to 83, which is another H1 record. Since the market's inception, only three full years have witnessed more deals than in H1 2026, including the record 122 in 2025.

The outstanding cat bond market reached a record \$61.3 billion at the end of 2025, then rose to a new end-of-quarter high of \$63.9 billion after strong Q1 issuance outpaced maturities. This trend continued in Q2, with issuance exceeding \$9.6 billion of maturities, lifting the market to a record \$65.6 billion, up 3%, or \$1.7 billion from Q1, and 7%, or \$4.3 billion from year-end 2025.

Notably, the \$9.6 billion of maturities includes nearly \$2.4 billion of early redemptions by major cat bond sponsors. Excluding these, the outstanding market would have grown by approximately \$4.1 billion, or 6% from the end of March 2026. Issuance remains about \$7.7 billion below last year's full-year record, with only H2 2025 exceeding the current level, meaning 2026 will require an above-average H2 to set a new full-year issuance record.



## Upcoming maturities by quarter

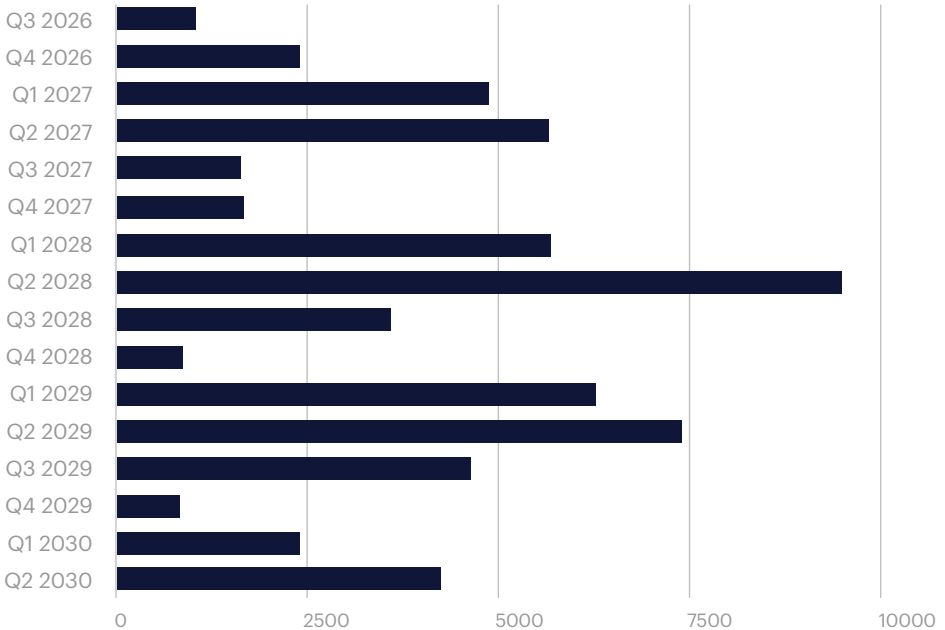
This chart uses data from the Artemis Deal Directory to show upcoming cat bond maturities by quarter, showing how much fresh issuance is needed to maintain sector growth.

During the first half of 2026, over \$13.7 billion of cat bond notes matured, including the aforementioned early redemptions, but issuance was strong at almost \$18 billion, and the market still grew by almost \$4.3 billion.

To sustain market growth in Q3, issuance in the quarter is going to have to exceed \$1 billion, as it did last year. However, the data shows that it's very likely market growth will be sustained at the end of the year, regardless of what happens in Q3, as Q4 maturities are just \$2.4 billion, against average Q4 issuance over the past decade of over \$3.2 billion.

As the chart shows, in some future quarters, maturities are particularly high, which reflects the rise in cat bond issuance since 2023, as many multi-year deals from this year and those after will come off risk. Of course, there's every chance issuance remains incredibly strong in these periods, but it will take a very strong Q2 2028, for example, to offset the nearly \$9.5 billion of scheduled maturities.

That said, Q2 issuance has now exceeded \$10 billion for consecutive years, so it will be interesting to see how the outstanding cat bond market size evolves as maturities rise.



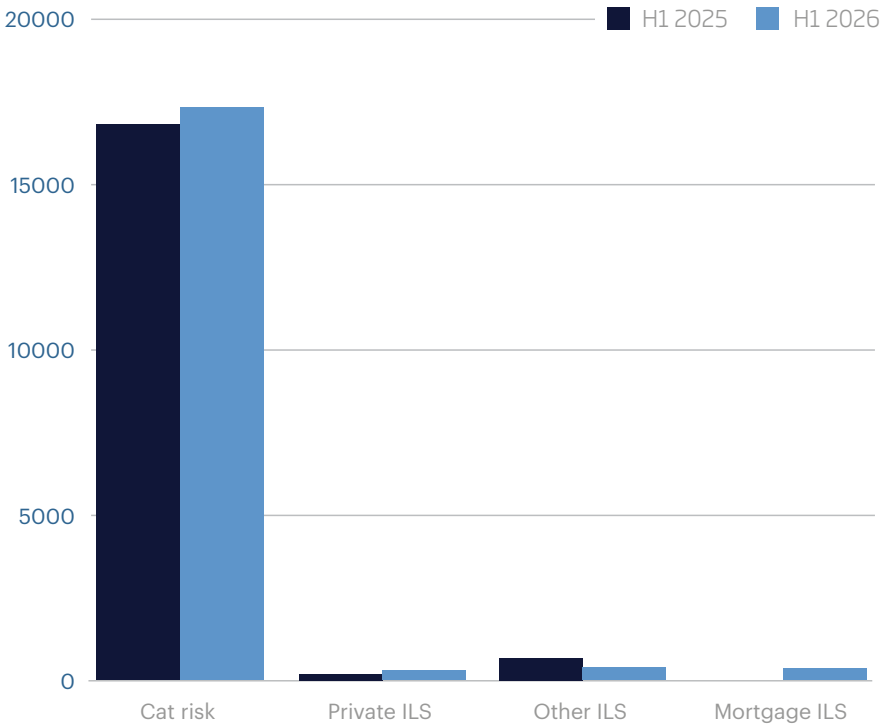
## First-half issuance by type

Year-on-year, first-half 144A property cat bond issuance increased by 3%, or \$524 million from the previous high to a new record of \$17.3 billion in H1 2026. Data from the Artemis Deal Directory reveals that this is higher than full-year property cat 144A issuance for all years but 2025, which is the current full-year record for these types of deals at \$23.9 billion.

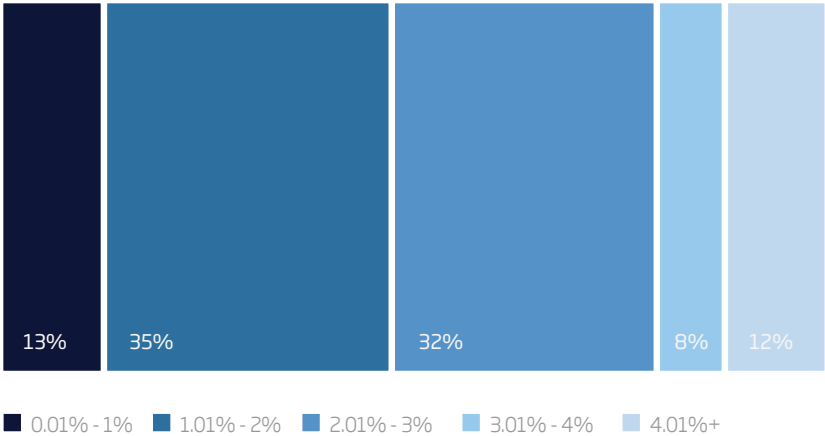
In terms of total Rule 144A issuance, so including deals covering non-catastrophe risks such as cyber or terrorism, H1 2026 is also a record at almost \$17.7 billion, above the H1 record set in 2025 by \$253 million, or 2%. It's also the case that 2026 is already the second-largest full year for these types of deals, behind only 2025's record of almost \$25 billion. In H1 2026, other ILS issuance decreased by 41% to \$385 million, all of which featured in Q1.

With six months of the year left and the Artemis Deal Directory already having numerous 144A property cat deals in the pipeline for July, there's every chance the 144A property cat and total 144A issuance record is broken again by the end of December 2026.

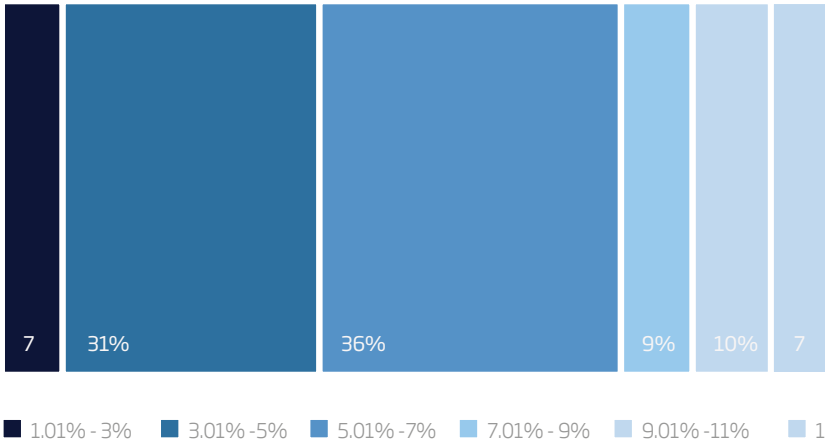
Private, or cat bond lite issuance, also increased in H1 2026 when compared with the prior year, by 115%, or \$161 million to \$301 million. Back in January 2026, one mortgage ILS deal came to market, while none featured in the first half of 2025.



### First-half issuance by expected loss

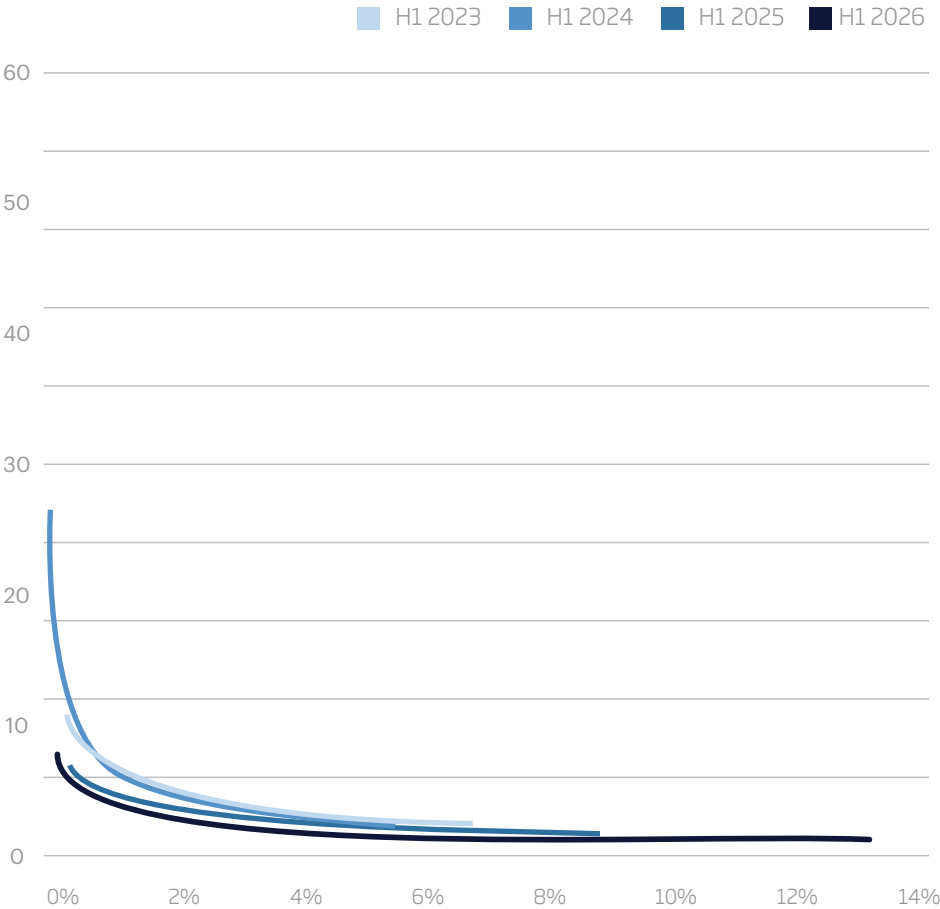


### First-half issuance by spread pricing

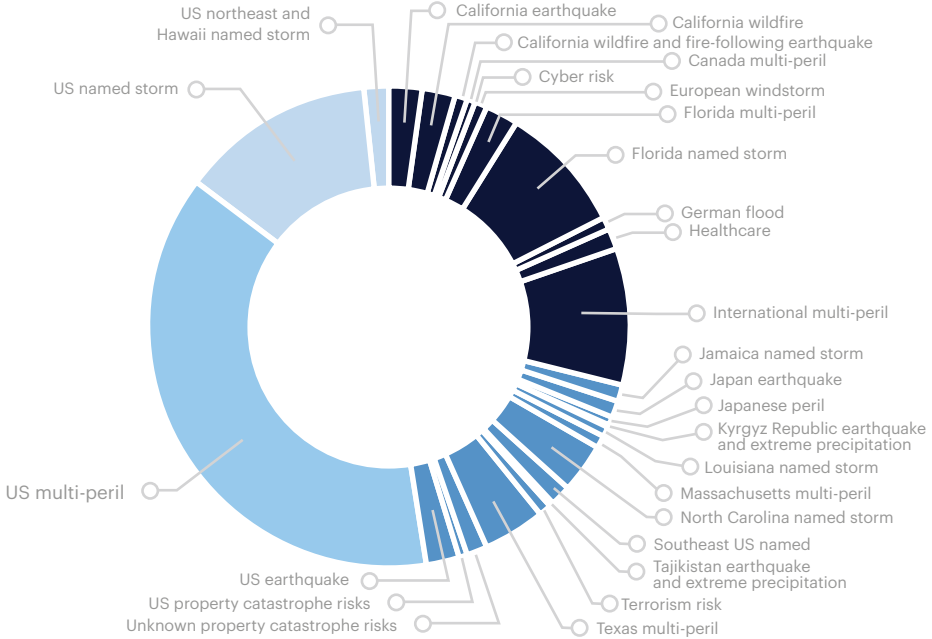


# First-half expected loss & multiple year-on-year

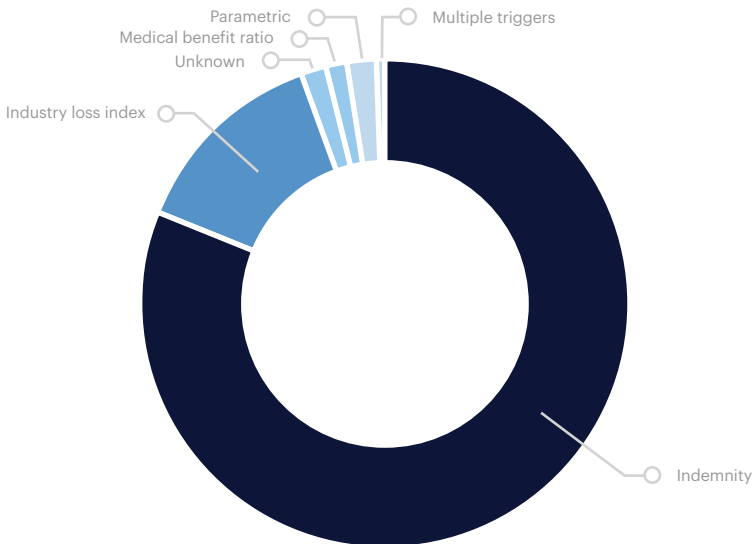
The lightest blue line represents H1 2023, the next lightest H1 2024, the darker line H1 2025, and the darkest line H1 2026, and plots expected loss and multiples of the tranches of cat bond notes issued in each six month period. It shows that for tranches of notes with a higher expected loss, the multiple is fairly consistent across all years, but as the market has softened from the peak in 2023, multiples have come down year-on-year for tranches with a similar expected loss on the lower end of the spectrum. Overall, the trend remains that investors continue to push for higher risk-adjusted returns.



## First-half issuance by peril



## First-half issuance by trigger



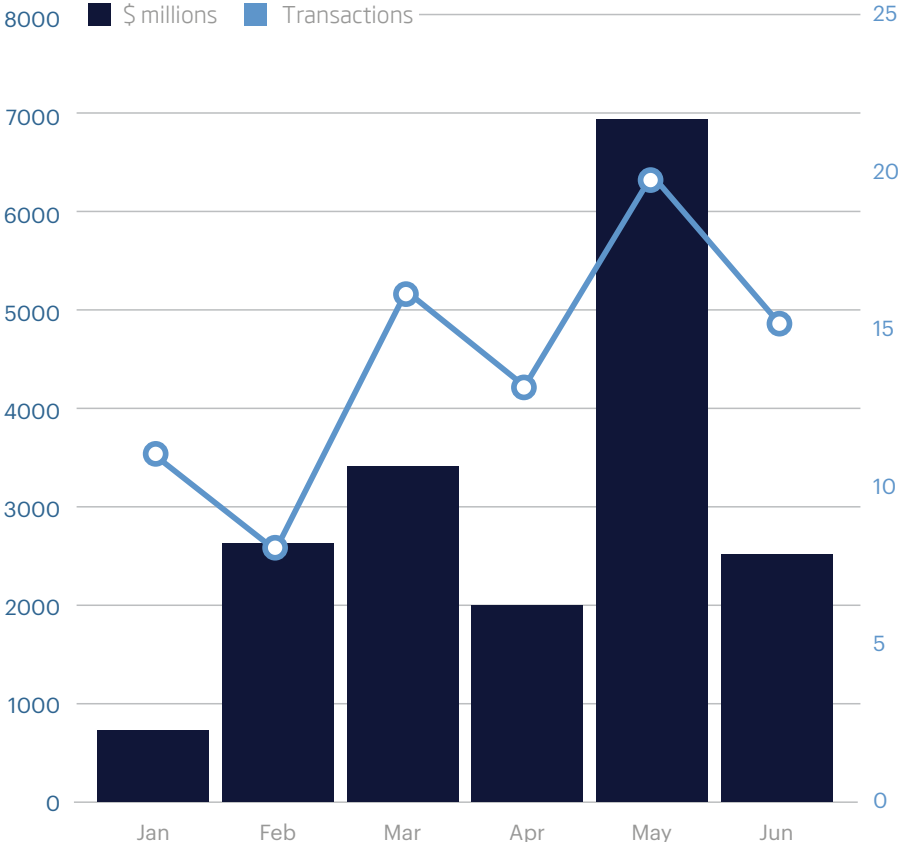
# First-half number of transactions and volume issued by month

In the first six months of 2026, 83 transactions were placed by sponsors, which is a new record for H1 and above the previous H1 high set in 2025 by 11 deals. It's the same amount of transactions as were issued in all of 2021, and is already the fourth most active year, in terms of the number of deals issued, in the market's history.

This year, February, March, and May set new monthly issuance records, while June issuance is the second highest for the month.

In January, issuance was below the 10-year average for the month but remained solid at \$683 million from 11 transactions. February set a new monthly record with issuance of almost \$2.6 billion from eight transactions. March also set a new record, as 16 transactions brought nearly \$3.4 billion of new risk capital to market.

In April, 13 transactions were placed with a combined size of more than \$1.9 billion, while this isn't a record for the month, it is above the 10-year average of \$1.6 billion. May 2026 is now the largest month ever for cat bond issuance, and the only month to see more than \$6 billion of issuance, as more than \$6.9 billion of risk capital was brought to market. This record level of issuance came from 20 transactions, which is the most in a single month, above the previous high of 19. June 2026 issuance came from 15 transactions and almost hit \$2.5 billion, making it the second largest June ever, behind last year's \$2.5 billion.



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**CONTACT ARTEMIS:**

Steve Evans, Owner/Editor  
steve@artemis.bm  
+44 (0) 7711 244697

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