



Klapton Reinsurance

NEWSLETTER

Q1 - 2026

ISSUE 16

TABLE OF CONTENTS

- 01 CEO's Message
- 04 CFO's Message
- 06 We turned 5!
- 07 Past Quarter Events
- 18 Do We Really Know the Future?
- 19 Bank of Zambia Currency Directives (2025) and the Impact on the Insurance and Reinsurance Industry
- 21 The Impact of the Iran–Gulf Conflict on Reinsurance Companies from a Foreign Exchange Perspective
- 22 Annual Inflation in Zambia: Trends and Drivers
- 23 Impact of the Ongoing Conflict on Premium Receivables in the Credit Control Sector
- 24 Climate Risk and Reinsurance: Is Zambia Ready for Future Disasters?
- 27 Driving Professional Excellence Across Klapton Re
- 28 Geopolitical Tensions in the Middle East and Their Implications for the Global Reinsurance Market.
- 30 Growth in Motion: Responding to a Changing Reinsurance Landscape
- 32 From Static Compliance to Dynamic Risk Intelligence: Evolving Governance Practices for 2026
- 35 Fraud in Reinsurance Claims: The Silent Cost Everyone Pays
- 37 From Telex to AI
- 38 Who's new at KlaptonRe?
- 40 Products and Services



CEO'S MESSAGE.

Kudzai Bingepinge
Chief Executive Officer

To Our Valued Shareholders, Partners, and Stakeholders.

The first quarter of 2026 marks a defining step in the evolution of Klaption Re. Over the past five years, we have been deliberate in how we build. From our home base in Zambia, we have established a reinsurance platform governed with discipline and structured to participate meaningfully across global markets. This quarter reflects that progression, now operating with greater accountability, clarity, and institutional coherence than at any prior stage.

During the period, we marked our five-year milestone alongside shareholders, partners, and stakeholders across government and regulatory institutions. What was evident in that moment was alignment. Alignment around the institution we are building, the standards we are setting, and the role Klaption Re continues to play within the Zambian market and the broader global reinsurance landscape.

From Private Discipline to Public Accountability.

This quarter also marked our successful listing on the Lusaka Securities Exchange. This transition introduces a new operating standard for Klaption Re. It embeds market discipline into the business, strengthens governance, and enhances transparency across capital allocation, underwriting, and performance reporting. It also creates a direct pathway for Zambian investors to participate in the institution we are building, ensuring that ownership evolves in step with the platform itself. This step is consistent with how we have built to date. Each phase has been structured to support the next.

Maintaining Discipline in a Selective Market.

The global reinsurance market continues to favour institutions defined by control, clarity, and consistency. Capacity remains available, but increasingly conditional on underwriting quality, data integrity, contract certainty, and governance strength.

Within this environment, our priorities remain unchanged. We continue to favour portfolio quality over expansion, concentrating underwriting effort on markets with long term sustainable growth, cleaner structures, and stronger counterparties. Where positions have not met our standards, we have taken decisive action to exit or reshape them in line with our intent to reinforce the long-term resilience of the portfolio and the credibility of the platform as it scales.

Africa Underwriting the World.

The principle that has guided us from inception remains central to how we think about this business. *"Africa Underwriting the World"*.

This reflects a model that combines local insight with global standards, supported by strengthening analytical capability, disciplined capital deployment, and embedded governance. It is both a statement of direction and an increasingly visible reality in how we operate.

“ From Private Discipline to Public Accountability. ”

Looking Ahead

As we move through the remainder of the year, our focus remains steady.

The work now is to build on what has been established. To continue refining the portfolio with care, to deepen the relationships that have proven their strength, and to ensure that every step forward is supported by the same discipline and balance that have brought us to this point.

There is a rhythm to building something that lasts. It requires patience, consistency, and a willingness to make the right decisions even when they are not the easiest ones. That is the approach we will continue to take.

What has been achieved so far would not have been possible without the people behind the business. I would like to recognize the Klaption Re team for the commitment, professionalism, and belief they have brought to this journey. The progress we are seeing is a direct reflection of the standards they set for themselves every day.

I would also like to thank our shareholders, partners, clients, regulators, and government stakeholders for the trust and support they continue to place in us. We do not take that lightly and we remain focused on building Klaption Re in a way that honours that trust, through how we operate, how we make decisions, and how we show up consistently over time.



A large container ship is shown from a high-angle, rear-quarter perspective, sailing on the open ocean. The ship's deck is densely packed with colorful shipping containers in shades of red, blue, and orange. The ship's white superstructure and funnel are visible at the top of the frame. The ocean is a deep blue, with white foam from the ship's wake churning behind it. The sky is filled with large, white, fluffy clouds, and the overall lighting suggests a bright, sunny day.

Marine.

Undermarine reinsurance, we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit. In addition, we have extended cover risks that other reinsurers may be reluctant to cover, such as oil spillage and pollution. This also broadens to cover risks affiliated with war. Offering a wide range of Marine Hull, War and P&I, Marine Cargo product protection against damage shipment of cargo at sea or inland waterways, including extended coverage that most reinsurers are reluctant to cover, such as oil spillage and pollution.

Visit our website:
www.klaptonre.com



Klaption Re Reports Record 2025 Results Following Successful LuSE Listing.

Musonda Chisanga
Chief Financial Officer

A Landmark Year: Klaption Re Posts Record Results and Enters the Public Market.

Following Klaption Re's successful listing on the Lusaka Stock Exchange (LuSE) on 24 March 2026, the Board and Management are pleased to announce its audited results for the year ended 31 December 2025.

The Company posted record results across key financial metrics continuing its positive trajectory since inception 5 years ago.

- Insurance Revenue: Increased to ZMW 3.1 billion from ZMW 2.9 billion recorded in 2024.
- Insurance Service Result: Grew to ZMW 668 million, with a combined ratio of 78% showcasing our operational excellence.
- Consolidated Profit After Tax: Achieved 65% increase from ZMW 236 million in 2024 to ZMW 387 million, reflecting robust profitability.

These strong results formed a solid basis of financial resilience as with the Company's functional currency being the United States Dollar, the balance sheet absorbed the forex translation impact as the Zambian kwacha appreciated against the dollar from Q2 2025 onwards. These operational results enabled the Group's total equity to grow to ZMW 696 million and maintain regulatory solvency requirements.

The publication of the financial results of 2025 is a testament to the hard work and dedication of all staff who ensured that the financial statements were signed off pre-listing.

With Klaption Re transitioning to a public limited Company, Management welcomes the requirement for enhanced financial disclosures and transparency to the capital market.





Engineering Reinsurance.

Our engineering policy covers a wide range of engineering-related products. It provides complete protection against risks associated with erection, resting, and working of any machinery, plant, or equipment, and it also provides protection against ongoing projects such as construction.

Klaption Re offers a wide range of engineering-related products, such as plant all risks, contractors all risks, single projects / annual projects, erection all risks, machinery breakdown, heavy equipment all risks and electronic equipment.

Visit our website:
www.klaptionre.com



We turned 5!

KlaptionRe at 5 represents five years of vision, courage, growth, and a brand journey that continues to inspire.

This milestone celebration was more than an event; it was a reflection of our story, our people, and the impact we continue to make together. Every detail of the evening was intentionally curated to honour our journey, celebrate our achievements, and bring our vision to life.

To everyone who has been part of this journey, thank you for believing in the brand and the vision.

Here's to five remarkable years and to an even more exciting future ahead.





Past Quarter Events.



KlaptionRe at India Rendezvous 2026



India Rendezvous 2026 provided a valuable platform for KlaptionRe to connect with partners and industry peers while exploring new business opportunities. Key discussions on capacity, portfolio resilience, and disciplined underwriting highlighted the importance of collaboration in building sustainable solutions across markets.

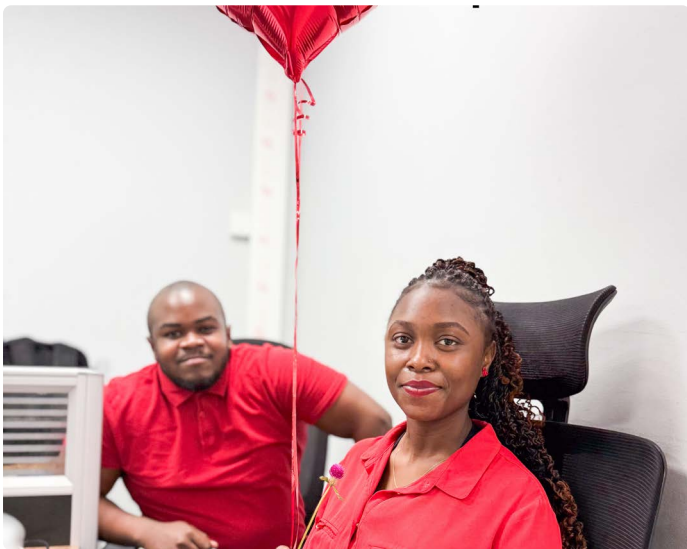


KlaptonRe at FANAF 2026

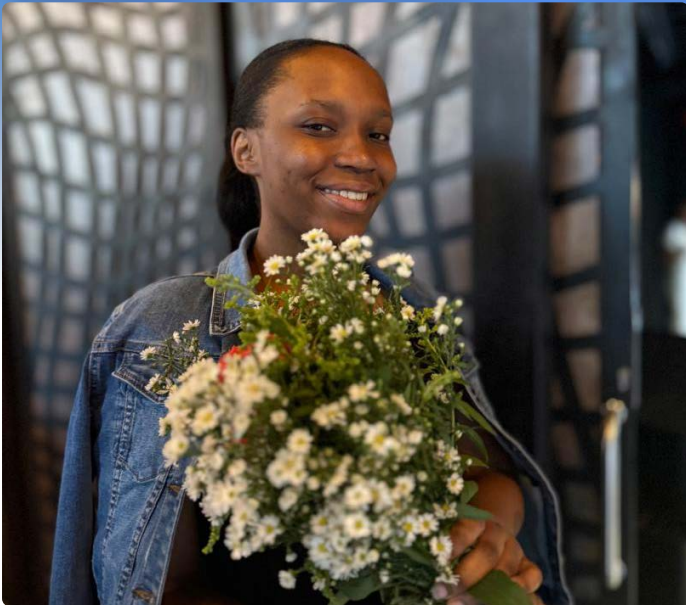


KlaptonRe participated in FANAF 2026, engaging with industry leaders from across the continent on sustainable partnerships and new business growth. The discussions reflected a shared commitment to collaboration, innovation, and advancing the reinsurance sector in Africa.

Valentines at KlaptionRe



International Women's Day at KlaptionRe



On 8th March, 2026, Klaption Reinsurance marked International Women's Day with a special celebration honouring the women who contribute to the strength and success of our business. The day was a moment to reflect, appreciate, and recognise the invaluable role women play across our organisation.



Motor.

Accidents on the road are unexpected and can cause both financial and mental strain. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc. We cover both private and commercial vehicles. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc., covering both private and commercial vehicles under the following categories; RVI. Motor Vehicles, MV TPL and MV Casco Cover.

Learn more:
www.klaptonre.com

KlaptonRe's listing on the LuSE



Klapton Reinsurance on 24th March, 2026, marked a major milestone with its listing on the Lusaka Securities Exchange, signalling a new chapter in its growth journey. Achieved through a direct listing, the event brought together investors, partners, and stakeholders to celebrate the company's rise as a globally active reinsurer.

KlaptonRe's listing on the LuSE



KlaptionRe at 5

5 YEARS
ANNIVERSARY



KlaptionRe celebrated five years of vision, growth, and impact with a memorable evening that reflected its journey and the people behind its success.

More than a milestone, the occasion highlighted the trust, collaboration, and shared ambition that continue to drive the business forward. Klaption Re extends its sincere appreciation to its partners, brokers, clients, and stakeholders for being part of this journey.

With a strong foundation in place, the company looks ahead with purpose and excitement toward the future.



KlaptionRe at 5

5 YEARS
ANNIVERSARY



A photograph of a Black male firefighter in full gear, including a dark jacket with reflective yellow stripes and a brown leather belt with silver buckles. He is smiling and holding a white fire helmet. The background is a blurred indoor setting, possibly a fire station.

Fire Reinsurance.

Our fire reinsurance provides protection against incidents of accidental fire, lightning, explosions, etc. Fire accidents are unexpected and can cause enormous destruction in terms of finances and dealing with the aftermath. We work hand in hand with our clients to provide products and policies that meet their needs. Our fire protection includes business interruption and consequential loss of profits.

Get started today:
www.klaptonre.com



Do We Really Know the Future?

Chipo Nyakunzu

Data Analyst

Introduction

One of the most persistent assumptions about actuaries and data analysts is that they somehow possess the ability to predict the future. Mention reserving models, forecasts, or loss projections, and the conversation often drifts toward the idea that somewhere within the spreadsheets lies a precise glimpse of what tomorrow will bring.

The reality is far less prophetic: actuarial work is not about predicting the future with certainty; it is about understanding uncertainty and learning how to live with it.

The Nature of Insurance Risk

At its core, the insurance industry exists because the future is uncertain. Risks are transferred today for events that may, or may not, occur tomorrow. Claims may surface years after a policy has been written, economic conditions can change with little warning, and reporting delays can blur the true picture of risk in the short term.

Actuarial analysis therefore focuses on using historical patterns to estimate what has already happened but has not yet been fully observed. A clear example of this is the estimation of Incurred But Not Reported (IBNR) claims: losses that have happened but have not yet been reported or fully settled. To make sense of these hidden liabilities, actuaries often rely on tools such as Claims Development Triangles, which track how claims have historically developed over time.

These techniques help answer an important question: Based on what we know today, what is the most reasonable estimate of the ultimate cost of claims?

The Limits of Prediction

Of course, even the most sophisticated model has its limits. Actuarial techniques draw their strength from data, and that data is rarely perfect.

In these moments, actuarial work becomes less about mechanical calculation and more about professional judgement. The model provides structure, but interpretation gives it meaning. Rather than producing a single “correct” answer, actuarial work often produces a range of reasonable outcomes, reflecting the uncertainty inherent in the data.

From Numbers to Insight

Actuarial analysis therefore plays a crucial role in supporting informed decision-making. By analysing trends, actuaries help organisations understand:

- How claims are developing across underwriting years
- Whether current reserves are likely to be sufficient
- Where emerging risks may be appearing within the portfolio
- How historical performance might inform future strategy

These insights are particularly important in reinsurance, where claims can take many years to fully emerge and where early signals of deterioration may be subtle.

Planning for an Uncertain Future

Actuarial work is not about claiming certainty over what lies ahead. Instead, it is about reducing uncertainty just enough to make better decisions today.

By combining data analysis, actuarial techniques, and informed judgement, actuaries help organisations remain financially resilient while continuing to support the transfer of risk across the broader economy.

So, do actuaries really know the future?

If we did, we would probably be traders instead...



Bank of Zambia Currency Directives (2025) and the Impact on the Insurance and Reinsurance Industry



Pious Ngolwe
P & C Facultative Underwriter

Introduction

In 2025, the Bank of Zambia (BoZ) issued currency directives reinforcing Section 18 of the Bank of Zambia Act, which establishes the Zambian Kwacha (ZMW) as the sole legal tender for domestic transactions. The policy aims to address the challenges of dollarization, strengthen Zambia’s monetary sovereignty, and enhance the effectiveness of domestic monetary policy.

The directives require that domestic transactions within Zambia be settled in Kwacha, with limited exemptions for specific sectors and cross-border obligations. The strategic objective is to strengthen Zambia’s financial independence, reduce currency mismatches, and support macroeconomic stability. Importantly for the insurance sector, the directives include Exemption 3(d), which allows:

Insurance policies denominated in foreign currency or structured with a foreign currency component, provided they are regulated by the Pensions and Insurance Authority (PIA) under the Insurance Act, 2021.

This provision recognizes the unique structure of the insurance market, particularly where risks,

assets, and reinsurance arrangements are linked to foreign currency.

Implications for the Insurance and Reinsurance Industry

Regulatory Compliance and Market Stability

The directives reinforce the role of the Kwacha in domestic financial transactions, ensuring insurers and reinsurers operate within Zambia’s legal and regulatory framework. This promotes greater regulatory alignment while reducing the risk of compliance breaches and associated reputational exposure.

Reduced Domestic Currency Mismatches

Encouraging local transactions to be settled in Kwacha helps reduce currency mismatches within insurers’ balance sheets, particularly where premiums and claims arise from domestic risks. This contributes to greater financial stability in periods of exchange rate volatility.

Preservation of Foreign Currency Risk Structures

Through Exemption 3(d), the directive ensures that insurance policies requiring foreign currency denomination, such as large commercial, aviation, mining, or infrastructure risks, can continue to operate effectively. This also allows insurers to align policy currency with international reinsurance treaties, which are typically denominated in USD.

Operational Clarity

The directive provides clearer guidance on how currencies should be used within the financial system. For insurers, this helps streamline domestic premium collections and claims payments while maintaining flexibility for foreign currency-linked risks.

Enhanced Market Confidence

Compliance with the BoZ directives strengthens trust with regulators, brokers, and cedants. Insurers and reinsurers that align their operations with the directive demonstrate sound governance and commitment to Zambia's regulatory framework.

Conclusion

The Bank of Zambia's 2025 Currency Directives represent an important structural step toward strengthening Zambia's financial system and reducing the economy's reliance on foreign currency for domestic transactions.

For the insurance and reinsurance industry, the directives create a balanced framework: promoting Kwacha-based domestic transactions while preserving the ability to structure policies in foreign currency where required by the nature of the risk or international reinsurance arrangements.

By adapting to this regulatory framework, insurers and reinsurers can enhance compliance, improve financial stability, and support Zambia's broader objective of economic resilience and monetary independence.





The Impact of the Iran–Gulf Conflict on Reinsurance Companies from a Foreign Exchange Perspective

Kapalu Sakalunda
Financial Accountant

Escalating Gulf tensions have global financial implications, especially for reinsurance companies, due to foreign exchange (FX) volatility. Conflicts in oil-producing regions create market uncertainty, and safe-haven currencies such as the US Dollar tend to strengthen, while emerging market currencies weaken as capital shifts to safety. This can be noted from the Russian Invasion of Ukraine (2022) and the Kuwait War (1990–1991).

For reinsurers in emerging markets such as Sub-Saharan Africa, US Dollar-denominated contracts and local currency expenses mean FX shifts can raise costs. When the Dollar strengthens, converting foreign liabilities becomes more expensive.

FX movements also affect balance sheets, as investment portfolios often include US Dollar assets. Changes in exchange rates result in translation gains or losses when converting assets and liabilities to local currency.

Premiums and claim values fluctuate with exchange rates at an operational level. While a stronger US dollar can boost the local value of premiums, it also raises the cost of foreign-denominated claims. Investment income is impacted as currency volatility significantly revalue foreign holdings, leading to gains or losses.

Ultimately, the Iran–Gulf conflict reflects how geopolitical events affect reinsurance firms’ financials through FX, investment valuation, and currency translation. Managing currency exposure and diversifying investments is crucial for financial stability in uncertain times.





Annual Inflation in Zambia: Trends and Drivers

Aaron Machaliwa
Accounts and Treasury Officer

Inflation in Zambia eased to 7.5% in February 2026, down from 9.4% in January 2026 and 16.8% in February 2025, marking the lowest monthly rate since 2019. Despite this improvement, the average cost of goods and services remains 7.5% higher than a year earlier, reflecting price stickiness and the fact that lower inflation slows the pace of increases rather than reversing past price gains.

According to the Zambia Statistics Agency (Zamstats), the February inflation outcome reflects easing pressures in both food and non food categories. Food inflation fell to 8.2%, driven by slower increases in key staples such as mealie meal, cooking oil, vegetables, and cereals. Non food inflation moderated to 6.5%, supported by stabilising fuel, transport, and energy prices. This broad based moderation indicates that the rapid rise in prices experienced previously is beginning to subside, helped in part by an appreciating Kwacha and improving supply conditions.

Easing inflation has strengthened the macroeconomic

environment by reducing borrowing costs, boosting purchasing power, and supporting greater investor confidence. As a key economic indicator, the inflation rate continues to play an essential role in guiding monetary policy, shaping consumption behaviour, and informing investment decisions.

Three primary inflation drivers remain relevant to Zambia's economic landscape:

- Demand pull inflation arises when demand exceeds supply.
- Cost push inflation, driven by rising production costs such as fuel, and
- Imported inflation, resulting from Zambia's reliance on foreign goods whose prices rise when the Kwacha depreciates.

While the decline to 7.5% signals easing price pressures, Zambia's cost of living remains elevated due to persistent cost push, imported, demand driven, and structural factors. Continued attention to these underlying drivers will be critical for sustaining economic stability and improving household welfare.



Impact of the Ongoing Conflict on Premium Receivables in the Credit Control Sector



John Nyimbili
Credit Control Trainee

The ongoing conflict has disrupted global financial systems, altering liquidity, trade flows, and payment behaviour. For insurers and reinsurers, this is creating direct pressure on premium receivables and forcing credit control teams to operate in a far more unpredictable environment.

The conflict has tightened global liquidity as disruptions to oil routes, financial flows, and regional trade have raised energy and operating costs. With cash flow under pressure, many cedants and brokers are delaying premium remittances, lengthening payment cycles, and increasing reliance on payment warranties. This has triggered a noticeable uptick in overdue accounts, even in markets that previously maintained stable settlement patterns.

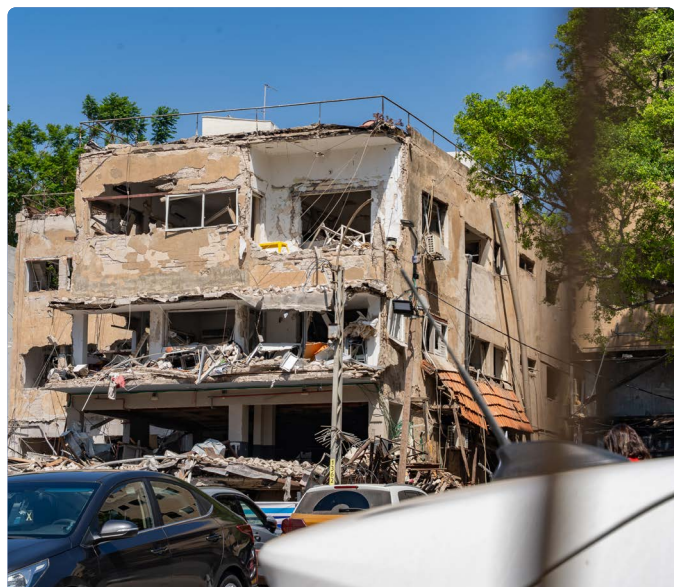
Instability has altered the payment behaviour of many intermediaries and brokers, who are prioritizing immediate operational needs and delaying premium remittances. Banking disruptions in affected regions have further slowed international transfers, causing delays even among typically reliable partners. As a result, insurers and reinsurers are experiencing reduced premium receivables collections and a marked increase in aged debt, particularly in the 60 to 90 days and over 90 day brackets.

The conflict has increased credit risk, raising the likelihood of delayed or non remittance as strained sectors struggle to meet obligations.

This environment requires tighter credit controls, stronger escalation procedures, and closer monitoring of intermediary financial stability. Swift intervention is now essential to safeguard revenue and limit potential losses.

Operationally, the effects are visible across daily credit control tasks. Delayed statements, allocation mismatches, and rising dispute volumes are now common, requiring teams to manage heavier reconciliation workloads, thus creating a difficult-to-sustain smooth operational continuity.

The conflict is increasing pressure on premium receivables and elevating both financial and operational risks. Credit control functions now require heightened vigilance, tighter collaboration, and adaptive strategies to safeguard liquidity and maintain stability





Climate Risk and Reinsurance: Is Zambia Ready for Future Disasters?

Alick Mwale
P&C Facultative Underwriter

Climate change is increasingly becoming an economic and financial risk rather than only an environmental concern. Around the world, more frequent and severe weather events are placing growing pressure on insurance and reinsurance markets. For Zambia, this challenge is particularly significant because the country’s economy relies heavily on climate-sensitive sectors such as agriculture, water resources, and mining. As climate risks intensify, an important question arises: is Zambia’s insurance and reinsurance framework strong enough to absorb the financial impact of future climate-related disasters?

Zambia has historically experienced climate challenges, particularly droughts that affect crop production and hydroelectric power generation. However, recent years have also seen more severe floods, prolonged dry spells, and increasingly unpredictable rainfall patterns. These environmental changes create significant financial exposure for insurers, as major climate events can generate a surge in claims across multiple sectors at the same time. When losses exceed the capacity of local insurers, the stability of the insurance sector can be strained.

This is where reinsurance plays a critical role. Often described as “insurance for insurers,” reinsurance allows primary insurance companies to transfer a portion of their risk to specialized reinsurance companies. By spreading catastrophic risks across larger and more diversified capital bases, reinsurers help insurers remain financially stable after major disasters and continue providing protection to policyholders.

In Zambia’s insurance market, Klaption Re plays an important role as a reinsurance partner supporting local insurers in managing large and complex risks. Through treaty and facultative reinsurance arrangements, Klaption Re provides additional underwriting capacity that enables insurance companies to accept risks that might otherwise exceed their balance sheets. This support is particularly important for climate-sensitive sectors such as agriculture, energy infrastructure, and property, where extreme weather events can generate substantial losses. By sharing these risks, Klaption Re contributes to strengthening the resilience and stability of Zambia’s insurance market.

A major challenge facing climate risk management in Zambia is the limited availability of reliable historical loss data. Accurate catastrophe modelling depends on extensive and consistent data to estimate the likelihood and severity of extreme weather events. In many developing markets, including



Zambia, fragmented or incomplete datasets make risk modelling more difficult. As a result, reinsurers may apply more cautious pricing assumptions to account for uncertainty, which can lead to higher reinsurance costs for insurers. Strengthening data collection, research collaboration, and information sharing between insurers, government agencies, and academic institutions will therefore be essential to improve climate risk assessment and pricing accuracy.

Looking ahead, preparing for a climate resilient insurance sector will require several strategic actions. These include improving catastrophe modelling capabilities, investing in climate data collection, developing robust reinsurance programs capable of absorbing large losses, strengthening collaboration between regulators and industry stakeholders, and promoting greater awareness of climate risks within the insurance market.

Ultimately, insurance and reinsurance are more than financial mechanisms, they are key pillars of national resilience. By providing financial protection after disasters, they enable governments, businesses, and communities to recover more quickly and rebuild economic stability. As climate risks continue to evolve, Zambia's insurance sector must adapt through stronger risk management practices, improved data, and well structured reinsurance partnerships such as those provided by Klaption Re. The critical question is no longer whether climate related disasters will occur, but whether Zambia's insurance system will be prepared to respond effectively when they do.





Aviation Reinsurance.

Flying creates unique risks to businesses that own or use aeroplanes or helicopters for business purposes. This incorporates risks such as fire, theft, floods, hailstorms, wars etc. Because we understand that the risks associated with aviation can be catastrophic, we offer products tailored to cover your needs. We offer Aviation Hull, War and P&I, Aviation Cargo material damage cover and Liability risks protection for aeroplanes or helicopters for private and business purposes.

Learn more:
www.klaptonre.com



Driving Professional Excellence Across KlaptonRe

Nathan Nsofu
Human Resource Manager

As the HR team, we are committed to supporting professional growth and ensuring that every employee at Klapton Re has the tools and opportunities to succeed in a constantly evolving professional environment.

In today's workplace, technical skill alone is not enough. Success comes from the ability to adapt, be innovative, collaborative, and a commitment to continuous learning. These qualities drive not only individual development but strengthen the organization as a whole.

Zambia's financial industry, including insurance and reinsurance, is becoming more competitive, technologically advanced, and tightly regulated. While these changes may appear to be challenges, they create opportunities for growth and improvement.

At Klapton Re, every employee contributes to the company's success through innovative solutions, professionalism, dedication, and teamwork. Continuous development, through professional certifications, technical learning, or capability enhancement, benefits both employees and the organization.

By maintaining high professional standards, embracing learning, and supporting one another, Klapton Re is positioned to thrive individually and collectively within the industry.

The HR team will continue to provide tools, identify beneficial programs, and support to enable growth and career development across the organization. Employees are encouraged to explore these opportunities and make the most of the available resources.





Geopolitical Tensions in the Middle East and Their Implications for the Global Reinsurance Market.

Thelma Phiri

P&C Facultative Underwriter

Introduction

Geopolitical instability in the Middle East has once again drawn attention to the role of political risk in the global insurance and reinsurance landscape. Escalating tensions involving regional powers have raised concerns about disruptions to global energy supplies, maritime trade routes, and broader economic stability. While the direct exposure of global reinsurers to the region remains relatively limited, the indirect implications for underwriting, pricing, and risk aggregation could be significant if instability persists.

A Resilient but Watchful Reinsurance Market

The global reinsurance sector entered 2026 from a position of considerable financial strength, with total industry capital estimated at approximately USD 760–800 billion (Aon Reinsurance Market Dynamics; Swiss Re Institute). Strong underwriting performance and improved investment returns have reinforced balance sheets across major global reinsurers.

Large international reinsurers such as Munich Re, Swiss Re, and the Lloyd's of London maintain diversified portfolios, which helps limit concentration risk in any single geographic region.

As a result, most analysts expect that the immediate financial impact of Middle East political unrest on global reinsurers will remain manageable. However, the broader implications may emerge through increased volatility in specialty insurance classes such as marine, aviation, energy, and political violence.

War and Political Violence Risks

Political violence and war-risk exposures represent one of the most immediate concerns for insurers and reinsurers. Covers for terrorism, sabotage, and civil unrest are particularly sensitive to geopolitical developments. Escalation in the region could increase the likelihood of losses involving infrastructure, ports, energy installations, or commercial assets.

Historically, geopolitical crises have led to significant increases in war-risk insurance premiums. During periods of heightened conflict, marine war-risk premiums have historically risen from around 0.025% of hull value to as much as 1–5% (*Lloyd's Market Association; IUMI*). For reinsurers, the key concern is not only the potential for individual losses but also the possibility of aggregation risk, where a single geopolitical event triggers multiple claims across different lines of business.

Marine and Energy Market Exposure

The Middle East plays a central role in global energy transportation, particularly through the Strait of Hormuz, through which roughly 20% of the world's oil supply passes. Any disruption in this corridor could have immediate implications for marine insurance markets.

Recent tensions have already contributed to higher war-risk premiums, rerouting of shipping traffic, and greater underwriting scrutiny of vessels operating in the Gulf region. A single tanker loss could generate USD 200–300 million in combined hull, cargo, and liability claims, illustrating the potential scale of exposures that may ultimately reach reinsurance treaties.

Energy infrastructure also represents significant insured exposure. Offshore platforms, pipelines, and refineries in the region carry large insured values, meaning targeted attacks or operational disruptions could lead to substantial property damage and business interruption claims.

Broader Economic and Supply Chain Effects

Beyond direct insured losses, geopolitical instability can create wider economic ripple effects. Volatility in oil prices, supply chain disruptions, and financial market uncertainty can indirectly affect insurers and reinsurers.

Higher energy prices may increase operating costs across industries, potentially leading to claims under business interruption, trade credit, or contingent business interruption policies. At the same time, financial market volatility may affect insurers' investment portfolios, which remain an important component of industry profitability.

Implications for Reinsurance Underwriting

From an underwriting perspective, geopolitical conflicts present unique challenges. Unlike natural catastrophes, geopolitical risks are difficult to model and can escalate rapidly. As a result, reinsurers often respond by tightening terms, increasing premiums in affected classes, and closely monitoring accumulations across portfolios.

If tensions in the Middle East persist, the market may experience localized hardening in war-risk, marine, and energy insurance lines. Reinsurers

may also adopt more cautious capacity deployment strategies while maintaining strict aggregation controls.

Conclusion

Although the global reinsurance market remains well-capitalized, ongoing political unrest in the Middle East highlights the growing importance of geopolitical risk in insurance underwriting. While the direct claims impact may be limited in the short term, prolonged instability could lead to higher premiums, tighter capacity, and greater scrutiny of exposures in sectors closely linked to global trade and energy supply.

In an increasingly uncertain geopolitical environment, reinsurers will need to integrate geopolitical risk analysis more deeply into underwriting decisions to maintain resilience and manage emerging exposures effectively.





Growth in Motion: Responding to a Changing Reinsurance Landscape

Mubanga Chitindi
Business Development Lead

In 2026, Klaption Re has taken a more deliberate and structured approach to market growth and business development. Our focus has shifted to building a clearer, more intentional understanding of our portfolio, how our relationships perform, and where sustainable value lies.

Q1 has provided a strong foundation for this shift, driven by insight-led engagement across our key markets. Over the past quarter, our efforts have centred on deepening our understanding of counterparties through targeted interactions with brokers and cedants. This has allowed us to move beyond surface-level opportunity identification and begin uncovering meaningful patterns in both business flow and partner behaviour.

Several themes have emerged. There is a growing emphasis on transparency and responsiveness from partners, particularly in relation to data quality and claims behaviour. At the same time, demand across core lines remains strong and with greater scrutiny placed on programme structure and pricing adequacy. We are also seeing a clear shift toward more strategic placements, where long-term alignment is prioritised over purely transactional exchanges.

These insights are already shaping how we approach growth. Rather than broad-based expansion, we

are sharpening our focus on markets and partners that demonstrate consistency, reliability, and alignment with our long-term objectives. This is being reinforced internally through enhanced analytics, enabling a more structured view of portfolio composition, payment behaviour, and risk concentration.

From a regional perspective, opportunities remain strong, particularly in markets with expanding insurance penetration and ongoing infrastructure development. Our capacity is being deployed cautiously, with a clear preference for well-understood risks and partners with established track records.

Across the value chain, there is a visible shift in behaviour. Relationships are becoming more deliberate and strategic, with greater emphasis on collaboration, consistency, and mutual value creation. Transactional engagements are steadily giving way to partnerships built on trust, performance, and alignment.

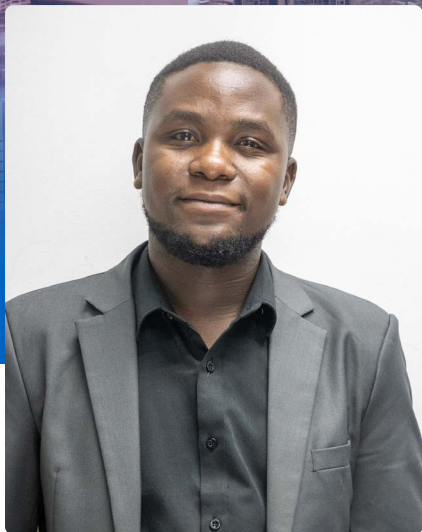
As we move into the next quarter, and into the rest of the year, our priority is clear: converting insight into execution. By combining strong market relationships with a disciplined, data-led approach, Klaption Re is positioning itself to build a more resilient, balanced, and profitable portfolio.



Agriculture Reinsurance.

We offer various protection coverage for material damage loss to crops and livestock from perils such as disease, flood, fire, drought, storm, hail and wind, to name a few.

Visit our website:
www.klaptonre.com



From Static Compliance to Dynamic Risk Intelligence: Evolving Governance Practices for 2026

Emmanuel Kafwanka
Junior Risk & Compliance Analyst

Introduction

In 2026, the governance, risk, and compliance (GRC) landscape is undergoing a profound shift. What once relied on periodic reviews, manual assessments, and reactive controls is now giving way to agile, intelligence-driven governance models capable of anticipating threats before they materialize. This evolution is not just technological—it represents a cultural transformation in how organizations understand risk, manage uncertainty, and build trust with stakeholders.

As global regulations tighten, digital ecosystems expand, and third-party dependencies deepen, organizations can no longer rely on static compliance models. Instead, leaders are embracing dynamic risk intelligence—a proactive approach that integrates real-time insights, continuous monitoring, and smarter governance structures that adapt as quickly as risks evolve.

The End of Static Compliance: Why Traditional Models Are No Longer Enough

For many years, compliance programs relied on annual audits, checklists, and after-the-fact reporting. These methods offered structure but couldn't keep up with the fast-changing digital threats, new regulatory requirements, and

increasingly complex third-party relationships. The traditional compliance models fall short in three keyways:

1. Speed: Risks change faster than the yearly review cycle.
2. Complexity: Modern supply chains and digital partners create new risk points.
3. Visibility: Periodic reviews can't capture real-time issues or emerging warning signs.

Dynamic Risk Intelligence: A New Governance Paradigm

Dynamic risk intelligence uses real-time data, monitoring tools, and predictive insights to give organizations a constantly updated picture of their risks. Instead of reacting after something goes wrong, decision-makers can anticipate issues before they escalate.

This approach includes:

1. Continuous monitoring of third parties and internal controls.
2. Automated risk scoring based on behaviour and transaction patterns
3. Ongoing, data-driven due diligence throughout the entire relationship cycle
4. Clear dashboards that give leaders instant visibility into key risk indicators.

Overall, this shift helps organizations spot problems early, act quickly, and prevent small issues from turning into compliance failures.

Risk Assessment & Due Diligence Evolve Beyond Documentation

The era of static questionnaires and annual due diligence exercises is rapidly declining. In their place, organizations are transitioning toward more dynamic and intelligence-driven governance approaches.

These include:

1. Adaptive due diligence, where monitoring processes continuously update in response to emerging risks and evolving threat landscapes rather than relying on periodic reviews.
2. Digital evidence repositories, enabling real-time, auditable documentation that strengthens transparency, traceability, and regulatory compliance.
3. Context-aware risk assessments, which align risk evaluation with organizational strategy, operational realities, and ongoing regulatory developments.
4. Cross-functional collaboration, ensuring that risk ownership is shared across departments and embedded within business operations rather than isolated within compliance functions.

Collectively, these enhancements improve the accuracy, defensibility, and operational relevance of risk assessments, allowing organizations to move from reactive compliance toward proactive risk intelligence.

Governance & Oversight: The Board Takes a More Active Role

In 2026, regulators are placing much stronger expectations on boards to take clear responsibility for risk and compliance. As a result, governance models are evolving to ensure leadership has:

1. A clear view of key risks and new threats
2. Risk appetite statements that match the organizational goals.
3. Transparent pathways for escalating issues
4. Real-time, evidence-based dashboards to support informed decisions.

Stronger board oversight not only strengthens compliance—it also builds confidence among regulators, clients, and partners that the organization is committed to acting with integrity.

Continuous Monitoring: The Heart of Modern Compliance

Continuous monitoring is now at the heart of modern governance, risk, and compliance functions. It acts like an early-warning system, spotting unusual activity before it turns into a serious issue.

Strong monitoring frameworks typically include:

1. Automated alerts triggered when risks cross set thresholds
2. Real-time control monitoring to catch issues as they happen
3. Behavioural analytics that flag unusual patterns
4. Centralised dashboards for easy reporting and oversight
5. Quick remediation workflows to address problems promptly

By moving from occasional testing to always-on assurance, organizations become more resilient and avoid costly surprises.

Building a Culture That Supports Dynamic Governance

No transformation succeeds without the right culture behind it. As organizations modernize their GRC frameworks, they also need to:

1. Build a risk-aware mindset across all employees.
2. Develop skills in analytics, digital tools, and automated controls.
3. Encourage openness, proactive reporting, and transparent communication.
4. Empower teams to act quickly based on real-time risk insights.

A strong compliance culture turns governance from a policing role into a strategic driver of long-term, sustainable growth.

Conclusion

As 2026 unfolds, organizations that embrace dynamic risk intelligence will be better equipped to manage uncertainty, build stakeholder confidence, and stay ahead of regulatory demands. Shifting from static compliance to real-time, intelligence-driven governance isn't just a modernization step—it's becoming the new baseline for effective oversight. For Klapton Re, this shift presents a powerful opportunity to strengthen governance, reinforce compliance foundations, and gain a competitive edge built on trust, agility, and operational excellence.



Surety Bonds.

We offer a wide range of solutions and capacity for your regular guarantees, such as advance payment, performance, removal in transit, maintenance, retention, security, bid/tender bonds, and contract guarantees. In addition, for the right terms of cover, we extend our capacity and can provide lead terms on less traded types of sureties by most securities, namely guarantee backed debentures, trade finance, guarantees/residual value, payment/repayment guarantee, and property buyers bond.

Learn more:
www.klaptonre.com



Fraud in Reinsurance Claims: The Silent Cost Everyone Pays

Vainess Banda Mwale
Claims Manager

Introduction

In the insurance industry, claims represent the moment a promise is fulfilled. Yet, hidden within this critical process lies a growing challenge one that silently affects insurers, reinsurers, and ultimately policyholders: fraudulent claims. While fraud is often discussed at the primary insurance level, its consequences ripple deep into the reinsurance market, becoming a silent cost the entire industry bears.

Understanding Fraud in the Claims Chain

Fraud in insurance claims can take many forms: staged losses, exaggerated damages, falsified documentation, or the deliberate misrepresentation of loss circumstances. When these claims travel through the insurance system and reach the reinsurance layer, they introduce financial and operational strain for reinsurers, who depend entirely on the integrity of the information provided by cedants.

Reinsurers are often several steps removed from the original loss event. This distance makes them reliant on accurate reporting, transparent communication, and dependable documentation from insurers and brokers.

How Fraud Impacts Reinsurance

Though fraud may begin at the policyholder level, its consequences cascade across the entire risk-sharing chain.

Inflated or fraudulent claims drive up loss ratios for insurers. When these losses exceed an insurer's retention, they trigger recoveries under reinsurance treaties or facultative covers.

Repeated fraud also distorts underwriting data. Reinsurers depend on historical claims experience to price risk and structure treaties. When fraudulent claims contaminate that data, the result is mispriced risk and greater market uncertainty.

Ultimately, fraud raises the cost of doing business for everyone. Investigations, claims reviews, and dispute resolution consume significant resources and time.

How can Insurers/Reinsurers Strengthen Fraud Detection?

Insurers /Reinsures should prioritiz stronger fraud detection and prevention. Insurers and reinsurers must adopt a range of measures to meet this challenge, including:

- Enhanced claims verification procedures
- Deeper collaboration among insurers, reinsurers, and brokers
- Data analytics and technology to detect irregular claims patterns e.g. Pattern Recognition Algorithms
- Engagement of loss adjusters and forensic investigators for suspicious cases

These efforts protect the financial integrity of the insurance system and help preserve trust across the reinsurance chain.

The Role of Collaboration

Fraud prevention cannot rest with one party alone. It demands coordinated action among policyholders, insurers, brokers, reinsurers, and regulators. Open communication and transparency throughout the claims process are essential to ensuring the losses reported to reinsurers are legitimate and accurately assessed.

Equally vital is cultivating a culture of integrity across the industry one where all stakeholders recognize that fraudulent claims destabilize the insurance ecosystem for everyone.

In conclusion, fraud in reinsurance claims is a silent cost that everyone pays. Insurance and reinsurance exist to provide financial protection in moments of genuine need. Fraudulent claims threaten that promise by diverting resources from legitimate claims and driving up costs across the market. By strengthening fraud detection, improving information sharing, and upholding rigorous claims management practices, the industry can safeguard its most valuable asset: TRUST.

Ultimately, addressing fraud in reinsurance claims is about more than preventing financial loss it is about protecting the integrity and sustainability of the insurance system for everyone involved.





From Telex to AI

Malcolm Goldberg

Head of International Reinsurance

Introduction

Many, many, many moons ago when I first started in the Re/Insurance industry the means of communication between reinsurers and insurance company was via a mechanical looking dinosaur called Telex. It was such a big and noisy machine that it required its own office room. We had a secretary now known as a PA, who could translate read the dots of the tape.

Of course, it was the PA who typed out the Facultative and Treaty slips, not us. We would literally cut and paste from previous slips as well as write by hand the updates to the slip. Some slips, particularly Treaty slips were so long that the length of the paper would stretch from one side of the office to another. When the telex started sending a message there was a rhythmic rat-a-tat noise which was almost soothing. In those days when a reinsurer was coming to visit your country, a notice would be sent that also appeared in the local paper asking for people who wanted to meet him/her to contact the hotel he/she would be staying in so that meeting times could be coordinated.

Then came the fax, which was resisted at first because it speeded up significantly the communication process. But it wasn't just that, we were being told to type the fax ourselves. When I complained to my boss, he said the reinsurers are typing their own faxes to which I responded, their faxes are "one liners" accepting or declining offers whereas my faxes were sometimes two to three pages of A4 size paper. It was not as if we were using modern platforms with editing and spell check and the like but old DOS systems. Still the boss "rules" and slowly but surely, I started typing my own slips, all which had to be typed from scratch. Phone lines were not great so often you had to resend faxes.

Then thank goodness came the new digital age where I could not imagine someone typing my messages and now communication is instantaneous which brings its own coping issues.

When I first started in Reinsurance, AI was something out of a science fiction film, but now it's an aid which will take over many of our skills and means of commutation. AI tools will analyse risks and submit offers as digital messages cutting down the need for underwriters.

So will underwriters and even claims handlers of the future have a future? Underwriters of the future will set out parameters based on risk appetite and AI will do the rest. AI will be able to analyse claims and determine liability and cost in a moment.

It this bad for business?

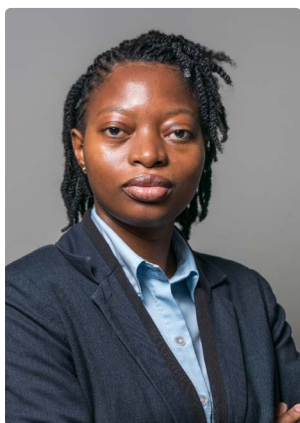
The answer is both yes and no. Clearly, we will be happy for the more mundane tasks to be dealt with by AI, but what will happen to the underwriter instinct based on experience? Indeed, is such experience and instinct actually necessary going forward?

But how will all the reinsurance competitors differentiate themselves from one another? This is where people will still be essential because it's people who build up the business relationships that attract the business. Reinsurance can never be purely transactional.

Yes, the reinsurance industry has to adapt to the changes that AI will bring but people, albeit fewer people, will still remain essential. As I eventually embraced changes that technology brought, I also look forward to embracing AI as a tool that will enhance the way I work.



Who's new at KlaptonRe?



Mwazanji Banda

Finance Manager

Mwazanji joins Klapton Re as Finance Manager, bringing over six years of experience in the audit of insurance entities. She has developed strong expertise in financial reporting, regulatory compliance, risk assessment, and internal controls within the insurance and reinsurance environment. While pursuing a Master of Science in accounting and Finance, she holds a bachelor's degree in business administration and economics minor from the University of Zambia, complemented by a diploma under ACCA. Her technical background is reinforced by a solid understanding of insurance accounting standards, statutory reporting, and audit governance.

Prior to joining Klapton Re, Mwazanji built her career in external audit, and through her audit experience, Mwazanji developed a strong ability to analyse complex financial information, assess financial and operational risks, and support sound governance practices in line with industry standards. She is highly driven, detail-oriented, and committed to maintaining robust financial controls that enhance transparency and organisational performance.

Mwazanji looks forward to contributing to Klapton Re's continued success by applying her external audit expertise, deep understanding of insurance operations, and a proactive approach to financial governance and risk management.



Who's new at KlaptionRe?



Misheck Fulaza

Quality Control Officer

Misheck Fulaza has joined Klaption Re's Underwriting department as a Quality Control Officer. He holds a Bachelor's degree in Economics with Business Administration from the University of Zambia. Misheck is skilled in data analysis, financial reconciliation, billing, and is recognized for his strong communication abilities and customer-focused approach. His keen eye for detail and dedication to quality position him as a valuable contributor to Klaption Re's continued excellence.



Joseph Kasapo

Quality Control Officer

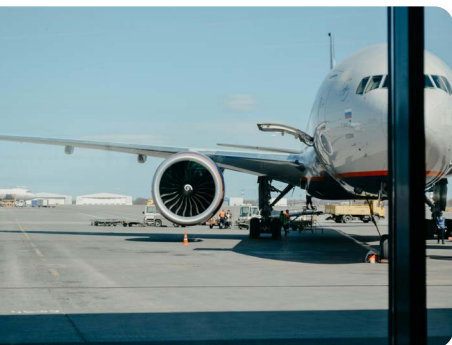
Joseph Kasapo Joins Klaption Re's Underwriting Department as a Quality Control Officer, bringing over two years of experience in the Audit and Assurance industry. He demonstrates strong analytical skills, keen attention to detail, and a solid understanding of compliance and quality standards. This broad exposure has equipped him with the ability to critically assess processes, identify gaps, and ensure adherence to established procedures. Joseph holds a Bachelor of Economics degree from the University of Zambia. His hands-on experience, problem-solving abilities, and commitment to maintaining high-quality standards make him a valuable addition to Klaption Re as we continue to strengthen our service delivery.

Products and Services



Agriculture

We offer various protection coverage for material damage loss to crops and livestock from perils such as disease, flood, fire, drought, storm, hail and wind, to name a few.



Aviation

Flying creates unique risks to businesses that own or use aeroplanes or helicopters for business purposes. This incorporates risks such as fire, theft, floods, hailstorms, wars etc. Because we understand that the risks associated with aviation can be catastrophic, we offer products tailored to cover your needs. We offer Aviation Hull, War and P&I, Aviation Cargo material damage cover and Liability risks protection for aeroplanes or helicopters for private and business purposes.



Engineering

Our engineering policy covers a wide range of engineering-related products. It provides complete protection against risks associated with erection, resting, and working of any machinery, plant, or equipment, and it also provides protection against ongoing projects such as construction.

KlaptonRe offers a wide range of engineering-related products, such as plant all risks, contractors all risks, single projects / annual projects, erection all risks, machinery breakdown, heavy equipment all risks and electronic equipment.

Products and Services



Fire

Our fire reinsurance provides protection against incidents of accidental fire, lightning, explosions, etc. Fire accidents are unexpected and can cause enormous destruction in terms of finances and dealing with the aftermath.

We work hand in hand with our clients to provide products and policies that meet their needs. Our fire protection includes business interruption and consequential loss of profits.



Marine

Under marine reinsurance, we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit. In addition, we have extended cover risks that other reinsurers may be reluctant to cover, such as oil spillage and pollution. This also broadens to cover risks affiliated with war. Offering a wide range of Marine Hull, War and P&I, Marine Cargo product protection against damage shipment of cargo at sea or inland waterways, including extended coverage that most reinsurers are reluctant to cover, such as oil spillage and pollution.



Motor

Accidents on the road are unexpected and can cause both financial and mental strain. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc. We cover both private and commercial vehicles. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc., covering both private and commercial vehicles under the following categories; RVI. Motor Vehicles, MV TPL and MV Casco Cover.

Products and Services

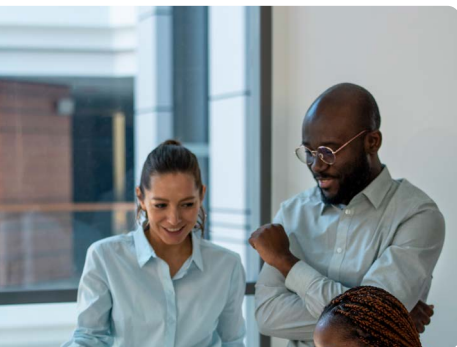


Bonds & Trade Credit

Klapton Re offers reinsurance solutions for Bonds and Trade Credit, providing vital protection to insurers supporting clients in managing credit and performance risks. Our Trade Credit cover safeguards businesses against the risk of non-payment by buyers, helping to ensure stable cash

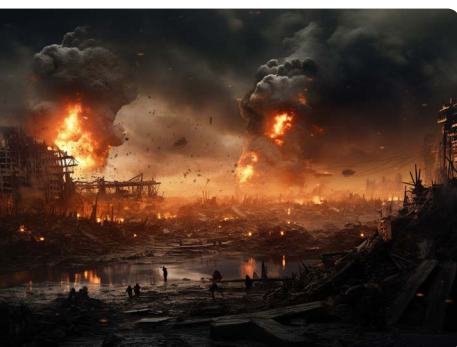
flow and secure trading relationships in both domestic and international markets. We also reinsure Surety Bonds, which offer financial security by guaranteeing the performance of contractual and regulatory obligations.

From bid bonds in tender processes to performance bonds in large-scale projects, we provide the capacity needed to support critical undertakings and enable confidence in commercial and infrastructure ventures.



Liability

We provide Liability reinsurance that covers a wide range of exposures where an insured party may be held legally responsible for causing harm to third parties, whether through injury, property damage, or financial loss. This includes general liability, professional liability, public liability, products liability, and other specialized lines. Our coverage supports insurers in protecting businesses, professionals, and individuals against compensation claims arising from negligence or failure to meet legal obligations. Through our liability solutions, we help ensure continuity and protection in environments where legal accountability and risk exposure are high.



Political Violence and Terrorism

Given the ever-changing nature of political violence and terrorism threats, Klapton Re offers reinsurance solutions that provide protection against these complex and unpredictable risks. Our Political Violence and Terrorism cover includes exposure to events such as terrorism and sabotage (T&S), strikes, riots and civil commotion (SRCC), malicious damage, and related perils. We support insurers by covering property damage, loss of income, and business interruption resulting from such incidents. With a clear understanding of the challenges in today's risk environment, Klapton Re stands ready to provide the necessary protection against politically driven unrest.



KlaptonRe
Klapton Reinsurance PLC



Connect With Us

+260 211 222 696
info@klaptonre.com
www.klaptonre.com

Klapton Reinsurance PLC
Suite12B, Green City Office
Park,
Stand 2374, Kelvin Siwale
Road,
Rhodespark, Lusaka

www.klaptonre.com