CLIMATE RISK INTELLIGENCE FROM ABGALIS

ESTABLISHED 2026

The Cascade.

ABGALIS

Seven Domains. One Counsel.

VOL. 1 · NO. 3 · SEPTEMBER 2026

SEVEN DOMAINS · ONE COUNSEL

A quiet half, a crowded year-end.

Nature was quiet in the first half of 2026 — four independent estimates put insured catastrophe losses between USD 42bn and 47bn, the lowest since 2019–20. The regulators were not. The PRA finalised a year-end 2026 reporting package, the NAIC adopted new CLO capital factors for year-end 2026 and restored its designation feed after a 60-day outage, and the revised Solvency II framework lands on 30 January 2027. A quiet loss year is when the reporting and capital machinery gets rebuilt. The framings are ours, not the regulators'.

PUBLISHED BY

Abgalis

Climate risk intelligence platform · Seven Domains. One Counsel.

AUTHOR

Abgalis Research

The research desk of Abgalis Limited · info@abgalis.com

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MASTHEAD

The Cascade.

A monthly climate-risk intelligence brief published by Abgalis. Physical risk, transition risk, regulatory disclosure, and the climate balance sheet — for insurers, reinsurers and risk-committee leaders.

PUBLICATION

The Cascade · Volume 1, Number 3 — September 2026 · Coverage: August 2026 developments · Published London.

PUBLISHER & AUTHOR

Abgalis Limited — climate risk intelligence platform for insurers and reinsurers. Editorial: Abgalis Research ("we"). No individual byline. Contact: info@abgalis.com.

SOURCE REGISTER — THIS EDITION

Swiss Re Institute, first-half 2026 insured catastrophe losses (August 2026) · Munich Re, natural disaster figures H1 2026 (30 July 2026) · Aon, Global Catastrophe Recap H1 2026 (22 July 2026) · Gallagher Re, Natural Catastrophe and Climate Report H1 2026 · Verisk, 2026 Global Modeled Catastrophe Losses · PRA PS18/26 (29 July 2026) and PRA captive roundtable notice (6 August 2026) · NAIC Security Incident Update page · NAIC, Summer National Meeting release (August 2026).

THIS ISSUE AT A GLANCE

A focused edition — the executive read, then three substantive sections: a quiet catastrophe half-year and why it is not a lower-risk year, the PRA's year-end 2026 reporting package, and the NAIC's month of restoration and recalibration — closed by the tracked indicators and the dates ahead.

CONTENTS

In this issue.

A focused edition — read in priority order, or pull straight to your section.

N° 01 · THE EXECUTIVE READ

Three signals this month.

BY ABGALIS RESEARCH SEPTEMBER 2026

Theme: a quiet half, a crowded year-end. The physical-risk ledger for the first half of 2026 came in light. The regulatory ledger did the opposite: August loaded the calendar to 31 December 2026 and 30 January 2027 with reporting, capital and data changes. Quiet loss years are when the machinery gets rebuilt — and when firms are most tempted to under-resource the rebuild.

One.

Four independent first-half estimates put insured catastrophe losses between **USD 42bn** and **USD 47bn** — the lowest first half since 2019–20. But the count of billion-dollar insured events ran above average, and modelled average annual loss is still rising. Quiet is a severity story, not a frequency story.

Two.

Year-end 2026 is now a reporting deadline. The PRA's PS18/26 applies from reference dates on or after **31 December 2026**: MALIR moves to XBRL, NACE 2.1 arrives, third-country branches report projected FSCS liabilities, and a permission requirement for own-funds classification goes.

Three.

Last month's open item closed. The NAIC's credit-rating feeds resumed on 10 August and FE/PLR designations were republished on **17 August** — two days after the Q2 filing deadline. In the same week, state regulators adopted new CLO capital factors effective for year-end 2026.

— Abgalis Research, London · the September edition

N° 02 · PHYSICAL RISK

The quiet half is not a lower-risk year.

Four estimates agree the first half of 2026 was light on insured catastrophe loss. They disagree on the economic loss by a third — and the count of billion-dollar events says frequency did not fall.

Swiss Re Institute puts global insured natural-catastrophe losses in the first half of 2026 at an estimated **USD 42bn** — the lowest first half since 2020 and below its USD 66bn trend estimate. Severe convective storm, mainly in the US, was the largest driver at about USD 28bn. Insurance covered about 42% of USD 100bn of economic loss, above the 30-year average of 33%, because damage was concentrated in highly insured markets and widely covered perils.

SOURCE (H1 2026)	INSURED	ECONOMIC	NOTE
Swiss Re Institute	**USD 42bn**	**USD 100bn**	Trend USD 66bn; natural catastrophes only
Munich Re (30 Jul)	**USD 44bn**	**≈ USD 112bn**	Insurance gap 60%
Gallagher Re	**≥ USD 46bn**	**≥ USD 142bn**	28% below decadal average (USD 64bn)
Aon (22 Jul)	**USD 47bn**	**USD 111bn**	13 billion-dollar insured events vs average 10

THE DISPERSION IS THE FINDING

On insured loss the four agree within USD 5bn. On economic loss they span **USD 100bn to 142bn** — a methodology gap, driven in large part by how each prices the 24 June Venezuela earthquake sequence, where penetration is low and no reliable insured estimate exists. Any protection-gap figure a board sees is a choice of source before it is a fact.

FREQUENCY DID NOT REST

Aon counts 13 billion-dollar insured events against a historical average of 10, with US perils about 75% of insured loss. Illinois and Indiana set annual tornado records. Verisk's modelled global insured average annual loss now stands at **USD 171bn**, up 12.5% on last year. The first half was a low-severity draw from a rising distribution.

WHAT COMES NEXT

Swiss Re notes that a strengthening El Niño may temper North Atlantic hurricane activity, while the risk of a costly major event remains. Europe — the fastest-warming continent, with 64% more hot days than in the 1950s — saw record June heat and major wildfires in France and Spain in July.

THE CASCADE READ

Insurance — a light H1 flatters the combined ratio and the ORSA's own-risk view in the same quarter; the risk is that H2 budgets are released on a severity draw. **Climate** — the modelled AAL is up 12.5% while observed losses fell: the gap between the two is exactly what the cat model is for. **Strategic** — the 1/1/27 renewal will be priced against a quiet half; capacity will read the frequency count, not the headline. **Regulatory** — protection-gap figures now vary by source by a third; disclosures should name theirs.

THE CALIBRATED ACTION

Do not release H2 catastrophe budget on the strength of the first half. Re-run the severe-convective-storm frequency assumption against the 2026 count of billion-dollar events, and check whether the internal model's attritional-to-cat boundary still sits where the losses actually land. In the ORSA, cite one named source for every protection-gap or economic-loss figure and hold it constant across the document — a USD 100bn versus 142bn economic-loss headline is not a rounding difference.

CAPITAL READ

Non-life cat risk module: no case to reduce the 1-in-200 on H1 experience. Frequency-driven perils belong in the premium and reserve risk calibration as much as in cat. Honest range: the SCR effect of a light half-year is nil to marginal; the effect of a mis-set SCS frequency assumption is not.

Primary sources: Swiss Re Institute, "First-half 2026 insured catastrophe losses" (Aug 2026); Munich Re, natural disaster figures H1 2026 (30 Jul 2026); Aon, Global Catastrophe Recap H1 2026 (22 Jul 2026); Gallagher Re, Natural Catastrophe and Climate Report H1 2026 (Jul 2026); Verisk, 2026 Global Modeled Catastrophe Losses.

CONTINUES → THE YEAR-END REPORTING PACKAGE

N° 03 · REGULATORY

Year-end 2026 is a reporting deadline.

PS18/26 finalises the PRA's post-implementation fixes to Solvency UK reporting and removes an own-funds permission. It applies from reference dates on or after 31 December 2026 — through a single taxonomy update.

On 29 July the PRA published PS18/26, its feedback and final policy on CP22/25 (Solvency UK reporting and disclosure post-implementation amendments) and on Proposal 1 of CP4/26 (own funds). It is relevant to UK Solvency II firms, the Society of Lloyd's and its managing agents, insurance groups and UK holding companies — and, for the branch elements, to third-country branch undertakings.

WHAT MOVES

MALIR goes to XBRL. The Matching Adjustment Asset and Liability Information Return moves from Excel into the Bank's insurance taxonomy, with cashflow reporting frequency cut from monthly to annual and duplication with the QRTs removed. The first XBRL MALIR submissions are in 2027.

NACE 2.1 arrives. Templates IR.06.02, IR.05.07 and IR.11.01 transition to NACE 2.1, with an opt-in from the 31 December 2026 reference date ahead of the 1 January 2027 mandatory date — a partial answer to firms reporting under both UK and EU regimes.

Branches report forward. Third-country branches will report projected FSCS-protected liabilities — cut from the proposed three plan years to one after consultation. The PRA ties the data to its scrutiny of outwards reinsurance, not only to the £600m subsidiarisation threshold.

A permission goes. Equity-accounted subordinated liabilities no longer need a classification-of-own-funds permission; they move to the standard pre-issuance notification process. SS37/15 on internal model reporting codes is deleted.

IR.05.04 is not deferred. The PRA declined a request to push the non-life income and expenditure changes to 2027, and dropped its proposed IR.05.04.04 variant in favour of adding total income and expenditure to IR.05.04.02.

THE CASCADE READ

Operational — one taxonomy update carries two policy statements' worth of change into a single year-end run; the change-management window is the four months to 31 December. **Insurance / Market** — MA firms move their most granular asset-liability return onto validated XBRL, which will surface data quality issues the Excel return tolerated. **Capital** — the own-funds permission removal is a genuine burden cut for issuers of equity-accounted subordinated instruments, but the reconciliation reserve must now deduct them explicitly to avoid double counting. **Strategic** — the branch FSCS projection is a supervisory lens on reinsurance structure, not only a data field.

THE CALIBRATED ACTION

Treat 31 December 2026 as a systems deadline, not a reporting date. Before Q4 close: map every changed template (IR.05.04, IR.16.01, IR.23.01–04, IR.06.02, IR.05.07, IR.11.01, MA.01.01, MA.02.01) to an owner; run the updated taxonomy's validations in UAT, including the amended R0730 reconciliation check; and, for MA firms, dry-run the XBRL MALIR on year-end 2025 data now. Last month's lesson from the HDI Global SE fine still applies — a resubmission without a validated pipeline compounds the breach.

ALSO IN AUGUST

The PRA will hold an industry roundtable on CP11/26, its tailored captive regime, on **17 September 2026**; the consultation closes on 14 October. CP12/26 on friendly-society transfers closes on 22 October.

Primary sources: PRA PS18/26, "Solvency UK: Post-implementation reporting and disclosure amendments and Own Funds permissions update", 29 Jul 2026; PRA, "The PRA will hold a captive insurance industry roundtable", 6 Aug 2026.

CONTINUES → THE NAIC

N° 04 · UNITED STATES

The NAIC restores the feed and moves the factors.

A two-month designation outage ended in the same week state regulators adopted new capital factors for structured credit. Both land on year-end 2026.

4A · THE FEED IS BACK — TWO DAYS AFTER THE DEADLINE

Last month we reported that the NAIC had suspended FE/PLR designations in AVS+ from 18 June, with Q2 filings due 15 August resting on a rating snapshot frozen at 17 June. The NAIC's incident page now records that all credit-rating-provider feeds required for the filing-exempt process resumed on **10 August**, and that FE/PLR designations were once again published in AVS+ effective **17 August 2026**, with status information being updated in VISION and STS.

The Investment Designation Analysis (E) Working Group approved extending private-rating filing deadlines for a period equivalent to the outage that began on 17 June. The Q2 statutory filings were therefore made on the frozen snapshot; restoration came after them.

The point that matters. The supervisor's data layer was a single point of failure for about 60 days, and its recovery did not line up with the filing calendar. That sequencing risk belongs in the operational risk register as much as the outage itself.

4B · COLUMBUS: CAPITAL FACTORS FOR STRUCTURED CREDIT

At the Summer National Meeting in Columbus (11–14 August), state regulators adopted changes to the RBC Preamble and new RBC factors for collateralized loan obligations, both effective for year-end 2026, and revisions to the capital requirements for life insurers holding collateral loans, effective 2027. The Natural Catastrophe Risk and Resilience (EX) Task Force met on 13 August and received an NAIC staff briefing on 2026 major catastrophes, intended as a common baseline to be updated through the year.

THE CASCADE READ

Operational — the outage is closed; the lesson is not. A supervisor's feed recovered on its own timetable, not the industry's filing timetable. **Credit / Market** — new CLO factors change the capital cost of a private-credit allocation that many life balance sheets grew into precisely because the old charge was light. **Insurance** — collateral-loan capital changes from 2027 extend the same scrutiny beyond CLOs. **Climate** — a standing NAIC catastrophe baseline gives US regulators a shared reference against which company views will be read.

THE CALIBRATED ACTION

For US-exposed groups: (i) reconcile every position filed at Q2 on the 17 June snapshot against the restored designation, and document any that moved as a Q3 true-up rather than a silent change; (ii) re-price CLO holdings under the new factors before year-end 2026 and decide whether the allocation still earns its capital; (iii) keep the NAIC data feed as a named entry in the operational risk register, with the recovery-versus-deadline gap as its scenario.

Primary sources: NAIC, Security Incident Update page (re-read September 2026); NAIC, "NAIC Summer National Meeting Highlights Collaboration and Advances Priorities" (August 2026).

CONTINUES → TRACKED INDICATORS

N° 05 · TRACKED INDICATORS & THE ROAD AHEAD

What moved, and what is next.

The readings we carry edition to edition. Where a figure was not re-measured this cycle, we say so rather than restate it.

INDICATOR	PREVIOUS	THIS EDITION
Insured NatCat loss	USD 107bn (full-year 2025, July)	**USD 42bn (H1 2026, Swiss Re)**
Modelled global insured AAL	—	**USD 171bn (Verisk, +12.5%)**
NAIC FE/PLR designations	Suspended since 18 June (August)	**Restored 17 August**
Revised Solvency II applies	30 January 2027 (August)	**Unchanged**
ISSB adoption · cat-bond market · climate cases · AMOC · TNFD	July baselines	Not re-measured this cycle

THE ROAD AHEAD

DATE	EVENT	WHY IT MATTERS
17 Sep 2026	PRA captive roundtable (CP11/26)	Last structured chance to shape the regime before close
30 Sep 2026	PRA insurer liquidity reporting takes effect	Per the PRA's 2026 insurance supervision priorities
14 Oct 2026	CP11/26 closes	Captive capital and reporting
22 Oct 2026	CP12/26 closes	Friendly-society transfers
Q4 2026	DyGIST sector results	First dynamic GI stress test read-across
31 Dec 2026	PS18/26 reporting; NAIC CLO RBC factors	Two year-end rebuilds, two jurisdictions
30 Jan 2027	Revised Solvency II framework applies	Risk margin, liquidity powers, MA diversification

STANDING

Sources, attribution & IP.

PRIMARY SOURCES — THIS EDITION

Swiss Re Institute, "First-half 2026 insured catastrophe losses: below trend, rising risks", Aug 2026 · Munich Re, "Lower losses, growing risks: the natural disaster review for the first half of 2026", 30 Jul 2026 · Aon, "Global Catastrophe Recap: First Half of 2026", 22 Jul 2026 · Gallagher Re, "Natural Catastrophe and Climate Report", H1 2026 · Verisk, 2026 Global Modeled Catastrophe Losses · Bank of England / PRA, PS18/26, 29 Jul 2026 · Bank of England / PRA, "The PRA will hold a captive insurance industry roundtable", 6 Aug 2026 · PRA, 2026 insurance supervision priorities (letter to CEOs, 15 Jan 2026) · NAIC, "Security Incident Update" · NAIC, "NAIC Summer National Meeting Highlights Collaboration and Advances Priorities", Aug 2026.

ATTRIBUTION

The framings "a quiet half, a crowded year-end", "a severity story, not a frequency story" and "the recovery did not line up with the filing calendar" are Abgalis Research's analytical readings, not regulator or source statements. Loss figures are each source's own estimate and are not interchangeable.

COVER

info@abgalis.com · https://abgalis.com

STANDING

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