GENEVA ASSOCIATION

PRESS RELEASE

Financial fragmentation could amplify shocks across global insurance markets, finds new Geneva Association report

ZURICH, 16 September 2026

The growing fragmentation of the global financial system is reshaping the environment in which insurers and reinsurers operate, according to a new Geneva Association report. As geopolitical considerations increasingly shape cross-border finance, firms face a more complex environment for international risk transfer, investment and capital management.

The report finds that while financial fragmentation alone is likely to have manageable implications for the insurance sector, more significant risks arise if it coincides with broader asset market stress, highlighting the importance of preparation and resilience.

Key findings include:

- Financial fragmentation makes it more difficult to access cross-border reinsurance, increases coverage costs, and leaves insurers retaining more risk in local markets.
- As the scope of fragmentation broadens, international insurers may face greater constraints on cross-border risk transfer, reduced diversification, and less efficient capital allocation.
- In case of a major financial market stress, fragmentation would amplify insurers' balance sheet stress if liquidity and capital buffers are strained.
- Firms can reduce these risks by reconfiguring their risk transfer strategies, adapting their capital structures and strengthening their liquidity management.
- Policymakers also have a role to play, by maintaining cross-border supervisory cooperation, and safeguarding payment and settlement infrastructure.

Jad Ariss, Managing Director of the Geneva Association, said, "The global economy is entering a new phase in which geopolitical considerations are playing a greater role in shaping financial markets. For an industry built on international risk sharing and long-term investment, understanding how these changes affect the resilience-enhancing role of insurers is essential."

Darren Pain, Director of Research at the Geneva Association and co-author of the report, added, "Financial fragmentation affects insurers through multiple channels simultaneously – from reinsurance markets to investment portfolios and liquidity. By examining both sides of insurers' balance sheets together, our report provides tools to analyse how financial fragmentation can influence the industry's resilience and where firms should focus their preparations."

The Geneva Association is the think tank for global insurance industry comprised of re/insurance CEOs. We investigate key risk areas that are likely to impact the insurance industry, develop recommendations, and provide a platform for stakeholder discussion. In total, the companies of Geneva Association members are headquartered in 26 countries; manage USD 25 trillion in assets; and protect 2.7 billion people.

ENDS

Contact:

Pamela Corn
Director of Communications
+41 44 200 49 96
pamela_corn@genevaassociation.org