BLACKLINE CONSULTING

A HIGHER STANDARD

CHIEF FINANCIAL OFFICER

A market intelligence brief for insurance finance leaders

June 2026

THE BLACKLINE RADAR SERIES

The Radar series is a set of role-based briefings for insurance executives, designed to be read in minutes and discussed for longer. Each Radar takes a single seat at the executive table and asks one question: *what should this leader have on their screen for the year ahead?*

Every Radar is structured around five lenses:

- **THE BRIEF:** The mandate for the role this year, stated plainly. What the organisation is asking of this executive, and how that ask differs across General Insurance (UK retail and commercial) and the London Market and Specialty.
- **HEADWINDS:** The forces working against the role. Market conditions, cost pressures, regulatory constraints and structural shifts that make the mandate harder to deliver.
- **TAILWINDS:** The forces working in the role's favour. Capabilities, market dynamics and tools that, used well, give the executive room to move.
- **BLIND SPOTS:** The areas where visibility of risk is limited. Not the known problems, but the places where the data, the reporting or the operating model may be quietly masking an issue.
- **EXECUTIVE TENSIONS:** Where interests may align or diverge. The points of natural tension and natural partnership across the executive team, and where the CFO's agenda intersects with that of the CUO, CRO and CEO. Knowing where interests align is often the difference between a mandate that gets delivered and one that stalls.

Throughout, we treat General Insurance and the London Market and Specialty as genuinely distinct markets. The pressures rhyme but they are not the same, and a Radar that blends them serves neither.

This edition focuses on the Chief Financial Officer: *Holding the line on profitability and capital discipline as the soft market strips away the margin that carried results through the rate cycle*

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THE BRIEF:

The task is to protect profitability and capital as a soft cycle erodes margin, but the levers differ between a cost pressured retail book and a capital rich specialty market.

GENERAL INSURANCE:

In General Insurance, profitability is under pressure as the market softens, with premium reductions across most lines and motor sliding toward an underwriting loss. Investment income earned on reserves has flattered results through the higher rate period, but with rate cuts now expected the CFO must rebuild margin from underwriting and cost rather than assets.

HEADWINDS

Margin squeeze as rates soften

→ Premium reductions across most lines and motor heading into loss compress underwriting margin, with little room to recover it on price.

The investment income tailwind fading

→ Higher yields have supported results but expected rate cuts reduce the investment return that has cushioned underwriting, exposing the core result.

Providing the return on transformation

→ With margins tight, every pound of transformation and technology spend must demonstrably pay back, and historic programmes have not always done so.

TAILWINDS

Discipline & cost as the lever

→ With the asset side fading, disciplined pricing, expense control and targeted cost containment become the clear, ownable route to margin.

Solvency UK flexibility

→ Reforms to the matching adjustment and risk margin give more flexibility in capital and asset strategy, including productive and illiquid assets.

Targeted, smaller scale transformation

→ The shift to tightly scoped, smaller change reduces the overspend risk that eroded the returns on past programmes.

BLIND SPOTS

Reserve adequacy as the cycle turns

→ The gap between booked reserves and ultimate cost can widen quietly when rates soften and inflation persists, especially in casualty.

Hidden cost in the expense base

→ Cost taken out in one place can reappear as risk or rework, so reported efficiency may overstate the real gain.

The true return on transformation spend

→ Whether large technology and change programmes delivered the promised savings is often never cleanly proven.

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THE BRIEF:

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LONDON MARKET & SPECIALTY:

In London Market and Specialty, the CFO works from strength to softening. Lloyd's delivered a strong 2025, with a combined ratio in the high 80s, returns above 20% and central solvency near 500%, but the 2026 plan builds in a weaker result as rates fall and prior year reserve releases thin. Capital allocation discipline, the use of structured solutions & third-party capital, and the drag of a strong pound on US dollar premiums are the live questions.

HEADWINDS

Softening from peak returns

→ Falling property rates and thin casualty pricing mean the strong recent combined ratios will deteriorate, and the 2026 plan already reflects it.

Capital deployment pressure

→ Strong capital and solvency raise the question of how to deploy or return surplus without chasing underpriced growth or holding lazy capital.

Currency drag on US business

→ A stronger pound compresses the value of US dollar premiums, squeezing margins on the large US facing book.

TAILWINDS

Underwriting & capital strength

→ Strong capital, solvency and recent earnings give the balance sheet to be selective and absorb the turn from a position of advantage.

Structured solutions & third-party capital

→ Vehicles like London Bridge and growing structured solutions let the CFO bring in capital efficiently and manage volatility and return on capital.

Investment returns on a large float

→ The specialty market's substantial premium float still earns meaningfully in a higher for longer rate environment, even as cuts begin.

BLIND SPOTS

Optimistic model assumptions

→ Internal models may assume future underwriting performance better than the track record, understating capital needs as the cycle softens, a point the regulator is pressing.

Reserve risk in long tail casualty

→ Social inflation and litigation funding can push the ultimate cost of casualty above what is held, eroding the reserve cushion.

Concentration in capital sources

→ Reliance on particular reinsurance, third party capital or flow capacity may be less stable than assumed if conditions turn.

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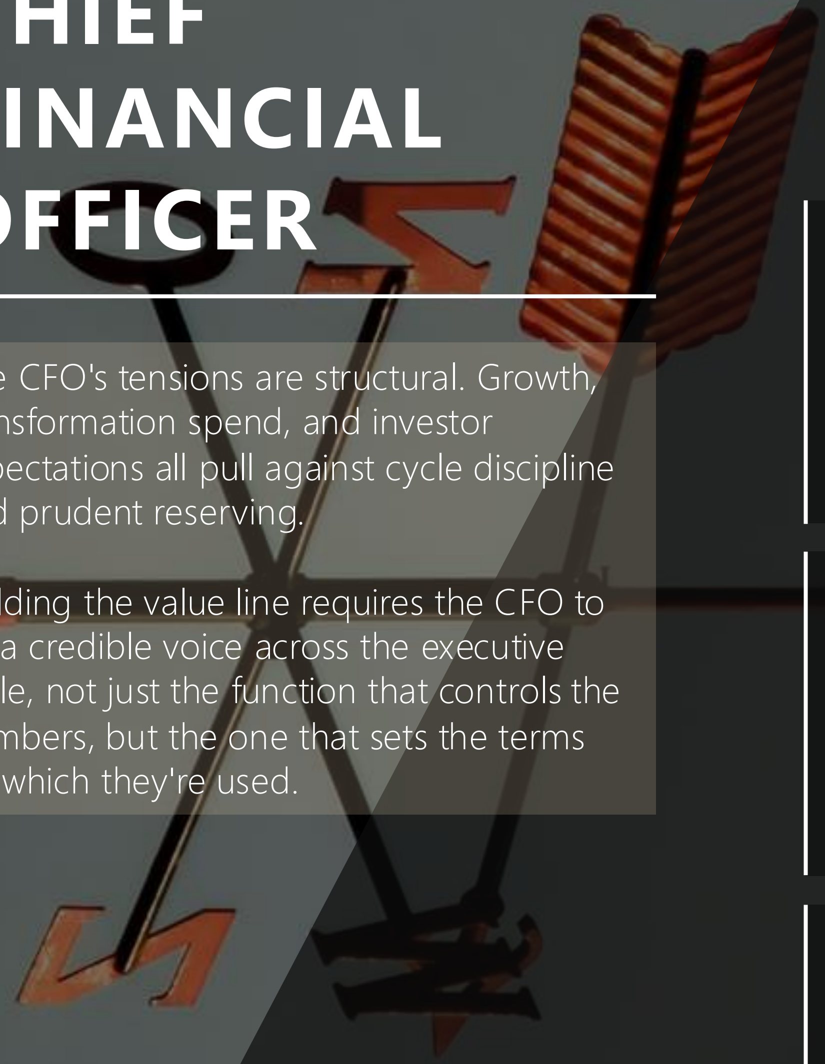

The CFO's tensions are structural. Growth, transformation spend, and investor expectations all pull against cycle discipline and prudent reserving.

Holding the value line requires the CFO to be a credible voice across the executive table, not just the function that controls the numbers, but the one that sets the terms on which they're used.

WHERE INTERESTS MAY ALIGN

The alignment here is natural - *invest, & build on it*

On capital Strategy

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--> The closest partner on capital strategy, discipline and how aggressively to deploy or hold capital through the cycle.

On Pricing & Reserving

CHIEF ACTUARY & CHIEF UNDERWRITING OFFICER

--> Pricing adequacy, reserving and model assumptions are shared property, and the CFO needs honest underwriting and reserving signals.

On Prudence

CHIEF RISK OFFICER

--> Capital, reserves, stress testing and model validation are joint territory, sharpened this year by DyGIST and Solvency UK.

WHERE INTERESTS MAY DIVERGE

These tensions are structural – *navigate them openly*

On Growth

CHIEF UNDERWRITING & CHIEF DISTRIBUTION OFFICER

--> Pressure to write more in a soft market threatens margin and reserve adequacy, and the CFO must hold the value line.

On Spend

CHIEF OPERATING & CHIEF INFORMATION OFFICER

--> Transformation and modernisation need funding, but the CFO must insist on demonstrable payback, which can create friction over pace.

On capital Return

BOARD

--> Investors and the board may push for capital return or growth on a timeline that sits against prudent reserving and cycle discipline.

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Founded in 2013, Blackline Consulting is a multidisciplinary boutique advisory and execution firm operating across the UK and North America. We help organisations define strategy, enhance operations, drive transformation, and manage change

A higher standard, delivered quietly by people who care

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