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Market Update

Commercial Insurance

A LOOK AT THE STATE OF THE INDUSTRY

HYLANT

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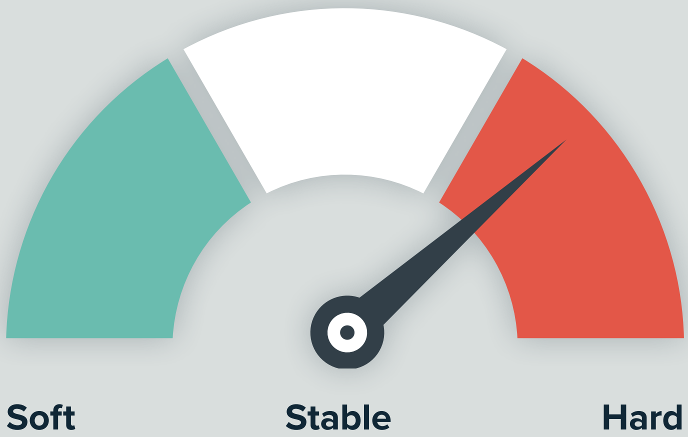
2026 Second Quarter

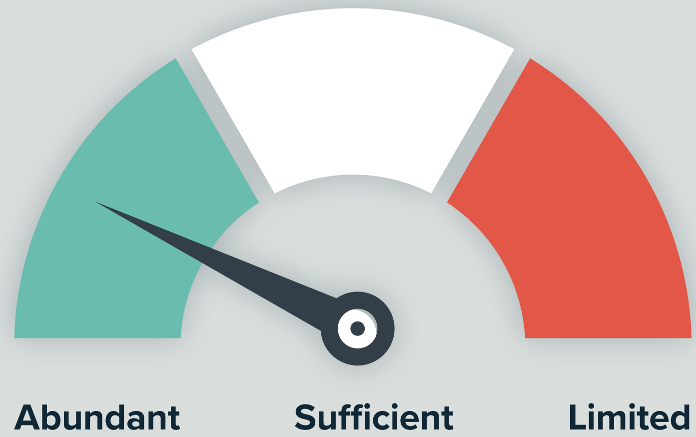
Welcome to the latest edition of *Market Update*, where you can learn about the issues and considerations that impact your commercial insurance programs by line of coverage. **This report provides a broad overview of the commercial insurance market. Cost, availability and performance of specific programs may vary by industry, risk profile and other factors.**

Questions?

Contact your Hylant service team member or connect with us at *hylant.com/contact-us.*

About the Report Gauges





MARKET HARDNESS

A soft market is characterized by lower premiums, abundant capacity, and broader coverage. A hard market is characterized by coverage that is more expensive, harder to obtain, and has stricter terms and conditions.

MARKET CAPACITY

When market capacity is abundant, more insurance is available, and prices tend to be lower. Limited capacity makes insurance more expensive and difficult to obtain.

Casualty

Automobile

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ABOUT THE DASHBOARD

U.S. commercial auto has produced a combined ratio over 100% in 13 of the last 14 years. Insurers are facing large reinsurance increases, ranging from 10% to 30% in 2026. High-hazard risks with poor loss history and safety metrics can expect increases of 20% to 30% or more.

DASHBOARD

MARKET HARDNESS
Hard

MARKET CAPACITY
Sufficient

EXPECTED RENEWAL RATES
5% to 15% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

RISING VERDICTS

Large truck verdicts have increased by over 300% in the last seven years.

HIGHER RETENTIONS

Insureds are stressed at the continued pressure to take higher retentions to offset rising premiums.

CAPACITY CONSTRAINTS

Insurance cost and availability have become top concerns for fleet operations. Insurers are selective about deploying capacity, especially for fleets with more than 200 power units.

CONTINUING RATE PRESSURE

Tort reform efforts in states such as Georgia, Louisiana, and Florida are ongoing, but social inflation and adverse reserve development will keep upward pressure on rates constant.

EXPOSURE MANAGEMENT

Well-controlled fleet exposures across both owned and non-owned vehicles have never been more critical. They help insureds manage costs, strengthen their overall risk profile, and reduce vulnerability to losses pursued by an increasingly focused and organized plaintiff's bar.

Casualty

General Liability

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ABOUT THE DASHBOARD

General liability profitability is still a major concern. The industry is struggling to achieve profitability in this line. In 2025, general liability posted a $14 billion underwriting loss with a combined ratio of 121%.

DASHBOARD

MARKET HARDNESS
Hard

MARKET CAPACITY
Sufficient

EXPECTED RENEWAL RATES
2% to 12% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

CHANGING RISK STRATEGIES

More insureds are moving to loss-sensitive structures to offset several years of rising premiums.

RISING COST DRIVERS

Inflation in manufacturing components, tariffs, supply chain volatility, rising labor costs, and rising medical expenses continue to outpace the overall consumer price index, driving higher loss costs across the board.

EMERGING RISKS

Insurers are seeing increased litigation involving emerging risks, leading to more restrictive terms.

STABILIZING LOW-HAZARD RISKS

Low-hazard general and product liability risks are showing signs of stabilization. Insurers are at or near rate adequacy, which is contributing to increased competition and flat pricing compared to recent years.

SHIFTING HIGH-HAZARD MARKET

Insureds with high-hazard exposures are relying more heavily on the Bermuda and London markets for coverage, as well as the utilization of broker-led facilities.

Casualty

International

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ABOUT THE DASHBOARD

The global casualty market continues to have adequate capacity, and pricing remains competitive, conditions which are expected to persist throughout the year. Renewals through Q1 remained relatively flat, except for those changes in material exposure or claim frequency. Global carriers continue to aggressively pursue new business, creating market competition and favorable coverage terms and pricing for insureds.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Sufficient

EXPECTED RENEWAL RATES
-5% decrease to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

EXPANDED EU LIABILITY RULES

Effective December 9, 2026, the new EU Product Liability Directive expands “products” to include software, AI systems, digital services, and connected components; broadens liable parties; lowers consumer evidentiary thresholds; and adds harms such as data loss, psychological injury, and property damage. These shifts may raise claim frequency and severity, pull more insureds into litigation, elevate digital and AI exposures, and lengthen liability tails, prompting pricing and underwriting adjustments.

RISING DATA DEMANDS

Underwriters expect clearer exposure mapping and higher-quality data. Risk selection has tightened, relying more on analytics and disciplined underwriting, making complete, current information essential. Insureds need better country schedules, entity lists, payroll/sales splits, contract terms, travel and project details, and fuller explanations of local operations.

EU CLASS ACTION GROWTH

Class actions are rising across the EU as the Representative Actions Directive establishes a harmonized framework for group claims. Member states must provide a mechanism allowing a qualified entity to seek injunctions or redress, increasing potential claim severity and frequency.

REGULATORY CHANGES IN CHINA

China recently extended Cash Before Cover rules to all coverages, meaning policies offer no protection until premium is paid. Some carriers may also revise wordings, as new regulations permit only filed insurance clauses in policies, preventing unfiled favorable clauses or special provisions from being added.

RISING GEOPOLITICAL COMPLEXITY

Geopolitical fragmentation, regulatory divergence, and rising tensions are driving currency volatility, trade disruption, and regulatory shifts. This complicates global program consistency, increases compliance demands, expands local policy requirements, and contributes to more territorial exclusions.

Casualty

Umbrella

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ABOUT THE DASHBOARD

Low- to moderate-hazard risks can expect more favorable results. Supported umbrellas, especially in risk-management-sized accounts, can also expect better results in both capacity and pricing. Lead umbrella capacity and availability in high-hazard classes remain the most challenging areas of the casualty marketplace.

DASHBOARD

MARKET HARDNESS
Hard

MARKET CAPACITY
Limited

EXPECTED RENEWAL RATES
3% to 20%+ increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

ALTERNATIVE RISK FINANCING

Insureds are increasing utilization of reinsurance and self-insurance options, including captives and co-insurance, to offset high premiums and restrictive terms.

INCREASING UNDERWRITING SCRUTINY

Detail-oriented underwriting continues, with more attention being paid to traditionally less-hazardous risks.

STRATEGIC SHIFT

Those with heavy auto exposure risks and/or short-tailed general liability risks are increasingly considering and purchasing multi-year swing plans.

HIGHER ATTACHMENT POINTS

Higher primary attachment points will continue in 2026 for insureds with large auto exposures or high-hazard products.

PREDICTABILITY CHALLENGES

Social inflation and reserve strengthening will continue to challenge underwriting predictability and profitability.

Casualty

Workers' Compensation

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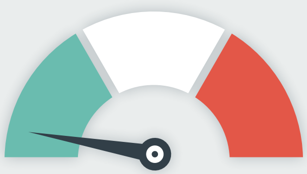
ABOUT THE DASHBOARD

Guaranteed-cost buyers may see carriers push for small rate increases after many years of flat or reduced rates. Workers' compensation is the lone bright spot of the primary casualty lines. The 2025 combined ratios are expected to remain in the 85% to 93% range, marking the 12th consecutive year of combined ratios under 100% for private carriers.

DASHBOARD

MARKET HARDNESS
Soft



MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
-5% decrease to 2% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

CLAIM TRENDS

Carriers report that claim severity is up slightly, although claim frequency is down due to improvement in safety measures implemented by insureds.

REMOTE-WORK IMPACT

The shift to remote and hybrid work has stabilized, but its long-term effects on workplace injury trends are only beginning to surface. According to NCCI, fully remote-friendly classes experienced about 34% lower claim frequency than classes that cannot be done remotely.

CALIFORNIA RATE HIKE

In September of 2025, California raised workers' compensation rates by nearly 9% for the first time since 2015, anticipating a 123% combined ratio for the 2024 policy year. California's magnitude of increase is not expected to occur in other states.

EMERGING RATE PRESSURES

The prolonged workers' compensation soft market is underpinned by strong underwriting results and reserve redundancy, but emerging pressures, such as medical inflation and interest rate shifts, could signal a firming of pricing.

COMPETITIVE LANDSCAPE

Expect the competitive landscape to remain strong in 2026, as workers' compensation is the key driver of primary casualty profitability in the industry.

Cyber

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ABOUT THE DASHBOARD

The cyber insurance market continues to fluctuate. Recently, the market has hardened slightly, with rates rising amid a surge in claim activity. A deeper analysis shows that certain industry classes are disproportionately contributing to these claims, along with control gaps that are allowing incidents to occur. These factors are contributing to the current market hardening and upward pressure on pricing. However, organizations with strong cybersecurity controls can achieve flat to modest rate reductions at renewal, depending on their industry classification.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

CONTROLS

Cybersecurity controls remain the foundation of a strong cyber insurance program. Organizations must demonstrate clear visibility into their networks, ongoing employee training, and well-defined response plans for both minor and major incidents.

EVOLVING RANSOMWARE

Ransomware continues to dominate claims and is evolving rapidly. Incidents are becoming more severe, with longer recovery times and increased legal complexity driving extended claim durations. At the same time, artificial intelligence (AI) is emerging as a threat multiplier, enabling cybercriminals to execute more sophisticated phishing, social engineering, and automated attacks.

GEOPOLITICAL RISKS

Geopolitical and systemic cyber risks are also on the rise. Nation-state activity and supply chain attacks are increasing, placing greater importance not just on having cyber coverage, but on having the right coverage in place.

BUSINESS EMAIL COMPROMISE

Employee awareness is more critical than ever. Tactics like fraudulent payment instructions and business email compromise (BEC) are resurging. While often overlooked, BEC remains a leading driver of claim frequency and can serve as an entry point for larger, more damaging attacks.

KEY TAKEAWAYS

- Cyberattacks are increasing in frequency and sophistication.
- Strong controls and employee training are essential defenses.
- Even small incidents should be taken seriously and reported.
- The right cyber policy is critical in responding to events.
- IT risk is business risk. Preparedness and visibility are within your control.

Environmental

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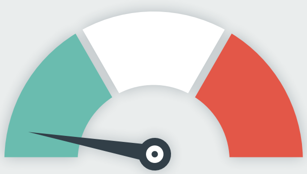
The pollution insurance market remains soft, driven by ample capacity, expanding product offerings, and insurers' continued focus on book growth. Annual monoline pollution placements are expected to renew flat; however, insureds coming off a three-year term should anticipate rate increases of 3%-5%. In the blended space (general liability inclusive of pollution liability), renewal outcomes are expected to range from flat for loss-free, less complex accounts, to modest rate increases for manufacturing risks with more challenging products or adverse loss experience.

DASHBOARD

MARKET HARDNESS
Soft



MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

SUMMER IS UPON US

Warmer weather stresses infrastructure, equipment, and personnel, increasing the risk of accidental releases, air quality exceedances, and operational errors. It can also worsen pollution impacts through wider dispersion, degraded water quality, and wildfire-related contamination, driving up cleanup costs and regulatory exposure.

CONSIDER A BLENDED FORM

For manufacturing, renewable energy, and waste facility operations, the blended or integrated pollution insurance segment continues to gain momentum. Carriers are increasingly comfortable underwriting complex, exposure-driven risks on a combined general liability/pollution liability form.

IS THIS THE NEXT PFAS?

Neonics (neonicotinoids) are widely used insecticides under increasing regulatory scrutiny due to their environmental persistence and impacts on pollinators and water quality. They are used in many agricultural applications and may warrant site-specific pollution coverage.

ENVIRONMENTAL TORTS ARE INCREASING

Environmental torts are increasing, driven by PFAS, other emerging contaminants, and climate-related claims that carry significant long-tail exposure. Companies can protect themselves by pairing strong environmental oversight with well-structured pollution liability insurance designed to address aggregation risk, defense costs, and mass-tort claims.

EUROPEAN UNION SUSTAINABILITY UPDATE

The EU has scaled back and delayed key sustainability regulations to ease near-term compliance while preserving long-term Green Deal goals. Although fewer firms are directly regulated, supply chain partners still face flow-down requirements, heightening the need to manage disclosure obligations, indemnification terms, and environmental liability risk transfer through appropriate insurance.

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Crime

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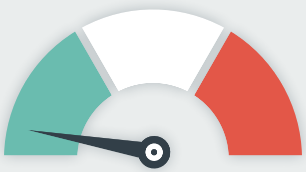
ABOUT THE DASHBOARD

Ample capacity is driving market stability. Companies with robust controls are viewed positively. Social engineering risk is still being underwritten. Those companies with favorable controls for social engineering risks are receiving favorable social engineering coverage limits.

DASHBOARD

MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
Flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

SOCIAL ENGINEERING

Social engineering losses continue to be a major loss driver for companies of all sizes and across all industry sectors. Companies should implement training for all employees, especially those responsible for initiating or authorizing funds transfers. In addition to training, robust controls should be in place for all employees and the individuals responsible for fund transfers.

Insurers continue to sublimit social engineering. However, a number of insurers, both domestically and in London, are willing to offer large social engineering limits for companies with favorable controls.

CHECK FRAUD

Check fraud due to mail fraud is a rising issue for companies. Fraudsters are using check washing techniques to alter and counterfeit checks, making them appear legitimate.

Executive Risk

Directors & Officers Liability for Private Companies

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ABOUT THE DASHBOARD

The private-company D&O market remains competitive, though conditions are gradually trending toward stability as years of rate reductions create marketplace pressure. Abundant carrier capacity continues to drive strong competition, helping many insureds—especially those with favorable risk profiles and clean loss histories—secure further rate decreases. While reductions remain attainable for accounts with more challenging risk characteristics, they're becoming more difficult to achieve. Even so, substantial rate increases remain uncommon, reflecting a soft but slowly normalizing market.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
-5% decrease to flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

EXPANDED COVERAGE

Carriers continue to broaden the terms available to private companies, offering enhancements that were historically harder to secure. This includes expanded protections for areas such as antitrust exposure and entity investigations, reflecting competitive dynamics driven by strong market capacity.

GEOPOLITICAL & MACROECONOMIC UNCERTAINTY

Global instability—spanning geopolitical tensions, trade pressures, changing regulations, and slowing economic activity—is prompting insurers to take a more cautious view of organizational resilience. These conditions have contributed to a rise in financially driven claims, as business failures and economic stress increase allegations tied to governance, oversight, and leadership decision-making.

GOVERNMENT FUNDING PRESSURES

Organizations that rely on federal funding—both private and nonprofit—are facing more scrutiny from insurers. As government budgets tighten and funding becomes less predictable, underwriters are paying closer attention to how dependent an organization is on public dollars and how that dependence affects financial and reputational risk.

AI-DRIVEN LIABILITY RISKS

The expanding use of artificial intelligence is creating new areas of scrutiny for underwriters. Companies face elevated legal and regulatory exposure tied to how they develop, manage, and publicize AI-related capabilities, with recent years showing increased litigation risk when organizations overstate or misrepresent the role or performance of AI tools.

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ABOUT THE DASHBOARD

The market remains stable with competitive pricing and ample capacity. Strong, stable public companies will draw the most competition, especially on excess layers. After years of declining rates, D&O insurers are adopting more disciplined underwriting practices as they address emerging artificial intelligence (AI) risks and cyber incidents like ransomware, outages, IP theft, and supply chain exposures. While focus on individual risks is increasing, sectors prone to event-driven litigation will face stricter underwriting, particularly on lower layers.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
-5% decrease to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

SECURITIES CLASS ACTION FILINGS

In 2025, 207 new federal securities class action suits were filed, down from 232 in 2024. Of the 79 cases settled in 2025, the median settlement value increased to a 10-year inflation-adjusted high of $17.3M. As the market capitalization of publicly traded companies continues to rise, the losses associated with single-day or class-period stock drops will continue to grab the attention of plaintiff firms.

EVENT-DRIVEN LITIGATION

Artificial Intelligence (AI) continues to be an omnipresent topic across all scope of the business world. In 2025 we had a record number of AI-related securities class action suits and these numbers are likely to continue to rise. Executives must be especially prudent in their communication not only about their own internal adoption and application of AI but also how they may be impacted by competitors as well as consumers. “AI washing” cases over the last two years have spanned multiple industries and products.

SECTOR-SPECIFIC EXPOSURE

Healthcare technology and services and electronic technology services made up 57% of securities class actions in 2025, consistent with historical patterns in which these industries typically account for over half of such litigation. These sectors continue to lead in market-cap losses tied to negative corporate events, announcements, SEC filings, or similar developments.

MACROECONOMIC AND GEOPOLITICAL RISKS

Inflation, supply chain pressures, immigration issues, tariffs, and similar factors can negatively affect corporate financials. Geopolitical instability also exposes companies and leaders to scrutiny if they misjudge its operational impact. Shareholders and D&O underwriters are increasingly focused on disclosures addressing these risks. If revenues or margins suffer, boards may face claims of poor governance, weak risk management, or inadequate controls.

Executive Risk

Employment Practices Liability

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ABOUT THE DASHBOARD

The EPL market remains competitive with ample capacity, though signs of firming are becoming evident as carriers respond to rising claim activity and defense costs. Insurers remain motivated to write new business and offer favorable renewal terms to retain key accounts, helping sustain a generally stable pricing environment. However, organizations with significant loss histories, operations in high-severity jurisdictions such as California, or exposures tied to challenging industries like healthcare and retail may experience pricing and retention levels at the upper end of the market range.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Sufficient

EXPECTED RENEWAL RATES
Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

JURISDICTIONAL UNDERWRITING FOCUS

Underwriters are focusing on “problem” jurisdictions (e.g., California, New York City, New Jersey, Illinois, Texas, Florida) and incorporating higher retention rates in jurisdictions with onerous employment legislation, especially in California.

INDUSTRY-SPECIFIC CONCERNS

Industries with large, high-turnover employee populations—such as healthcare, retail, hospitality, and nonprofits—tend to carry heightened EPL risk. Challenges like wage-and-hour complexity, constant staffing changes, and, in some cases, reliance on government funding create added exposure. As a result, insurers may take a harder line on underwriting for these sectors, which can result in higher premiums or elevated retentions.

CLAIM TRENDS

Core EPL allegations remain consistent. Claims tied to discrimination, wrongful termination, and wage-and-hour disputes continue to be among the most common drivers of losses for insurers.

PRIVACY-DRIVEN EXCLUSIONS

Privacy and Biometric Information Privacy Act (BIPA) exclusions continue to be added to policies, due to increased loss experience. Defense cost sublimits are available for some insureds, based on BIPA application responses and employee location.

USE OF AI IN EMPLOYMENT DECISIONS

Growing reliance on artificial intelligence in hiring and HR decision-making is drawing regulatory attention and increasing EPL exposure due to concerns around algorithmic bias and discriminatory outcomes. Insurers are now routinely asking underwriting questions about AI usage.

Executive Risk

Fiduciary Liability

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ABOUT THE DASHBOARD

Additional new carriers entering the fiduciary marketplace have increased competition and created slight decreases in pricing and, in some cases, reduced retentions. The majority of renewals have seen flat pricing with no restrictions in coverage and a marketplace willing to offer coverage enhancements in order to be competitive in an expanding and changing marketplace.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Sufficient

EXPECTED RENEWAL RATES
Flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

EXCESS FEE LITIGATION

Excessive fee litigation has been the biggest concern for both carriers and underwriters for several years. Cases and settlements have declined significantly from their 2022–2024 peak. If this trend continues, the market should stabilize, but a rise in filings or settlements could reverse progress and lead to higher rates, retentions, and more restrictive terms.

NONPROFIT LITIGATION

Defined contribution plans for nonprofits are seeing increased carrier awareness of even smaller plans of less than $250M, as plaintiff firms have been focusing recent litigation in this newer direction. Several larger risks in this class of business will even find carriers unwilling to entertain their coverage unless the account has a comprehensive risk management program and RFP process.

LITIGATION-READY PLANNING

Many companies have successfully used detailed risk management plans and clear RFP procedures from their health and welfare procurement processes to counter potential excessive fee litigation and secure more favorable fiduciary rates. Areas of interest to the underwriters and carriers include fund plan fees, vendor fees, complete record-keeping fees, welfare plan pharmacy fees, plan performance, detailed benchmarking information, and governance as compared to their peers. Other areas reviewed include the quality and reputation of all third-party professional firms involved, and a written, detailed plan for their hiring and RFP selection process.

LITIGATION TRENDS TO MONITOR FOR 2026

Trends to monitor in 2026 include excessive fee litigation filings and settlements, 401(k) forfeiture litigation, voluntary benefits litigation focusing on critical illness, hospital indemnity, and accident and cancer insurance. Others include tobacco and nicotine surcharges involving wellness programs; outdated mortality table litigation; cyber program audits; and environmental, social, and governance investing.

M&A and Transaction Solutions

ABOUT THE DASHBOARD

The RWI market remains stable and largely buyer-friendly, supported by abundant capacity and new entrants that continue to intensify competition. Although some insurers are attempting to firm rates, competitive pressure and strong capital inflows are keeping pricing disciplined and coverage broad for thoroughly assessed risks. At the same time, rising claims severity is driving more focused underwriting, but buyers, particularly in the mid-market, still benefit from attractive economics and responsive commercial terms.

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DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

RWI NEW PLACEMENT RATES
~2.9% to 3.5% of the limit of liability, or Rate on Line (ROL)

TOP TRENDS, ISSUES AND CONSIDERATIONS

BUYER-FRIENDLY PRICING, BUT PREPARATION DRIVES BEST RESULTS

Capacity remains strong, and most North American quotes continue to fall within a relatively stable range for ROL and retentions. While some carriers are testing firmer pricing, competition has generally kept overall economics favorable, particularly on well-prepared submissions.

RISING CLAIM SEVERITY HEIGHTENING BUYER DILIGENCE EXPECTATIONS

Loss experience across the market reflects a growing share of high-severity matters, with financial-statement issues remaining a leading driver. Larger diminution-in-value and EBITDA-based disputes have also become more common. As severity increases, underwriters are requiring clearer diligence and documentation in the areas generating the most significant losses.

LOWER-RISK DEAL INDICATORS PROVING UNRELIABLE

Market data shows that institutional sellers and audited financials—often assumed to reduce exposure—still account for substantial paid loss activity. These trends reinforce that headline deal characteristics are less predictive than the depth and quality of underlying diligence.

CROSS-BORDER COMPLEXITY INCREASING

Claim notices tied to non-U.S. jurisdictions have risen alongside the growth of global policy placements. No jurisdiction is proving consistently low-risk, and carriers remain focused on local-law financial, tax, regulatory, and employment issues before confirming full coverage.

CLAIMS RESOLVING MORE QUICKLY, BUT PROCESS REMAINS NUANCED

A meaningful share of RWI claims are now closing within the first year, with many completing within roughly 18 months. While this reflects improved carrier efficiency, RWI claims by nature involve complex fact patterns, detailed documentation, and multiple stakeholders. They generally take more time and require more nuanced analysis than most other insurance lines. Understanding this dynamic helps set clear expectations around timing, required information, and the claim's path.

Marine Cargo

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ABOUT THE DASHBOARD

The marine insurance market remains stable across hull, liability, and cargo, with available capacity and generally flat to modest rate movement for well-performing risks. While competition persists, underwriting discipline continues to increase as carriers focus on profitability, valuation accuracy, and operational risk controls. Insurers are placing greater emphasis on data quality, risk engineering, and transparency to navigate evolving geopolitical, inflationary, and loss-driven pressures.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
Flat to 7% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

GEOPOLITICAL RISK & WAR (CARGO)

Geopolitical tensions, including the Iran conflict, are disrupting global supply chains and forcing cargo onto longer, less efficient routes. This is increasing transit times, costs, and the risk of accumulation across ports and interim storage locations. War risk coverage is becoming more volatile and route-specific, while some exposures—like delay and loss of access—may fall outside traditional cargo policy triggers.

CYBER RISK IN PORTS & TERMINALS

Cyber exposure across ports and terminals continues to grow as operations become more digitally integrated. Ransomware and system disruptions can halt cargo movement, creating significant downstream financial and operational impacts. Insurers are placing greater emphasis on cybersecurity controls and increasingly recommending standalone cyber coverage to address these exposures.

RENEWAL DATA EXPECTATIONS

Underwriters are requiring more detailed and accurate data, particularly around cargo values, transit patterns, and storage exposures. Valuations, asset schedules, and loss narratives are being closely reviewed to ensure alignment with current market conditions. Strong, well-organized data remains critical to securing optimal pricing, terms, and capacity.

HULL & MACHINERY

Marine hull markets are experiencing stable conditions, driven by increased capacity and new market entrants competing for well-performing risks. While pricing remains favorable, underwriters are maintaining discipline around aging fleets, maintenance practices, and claims performance.

MARINE LIABILITY

Marine liability markets are stabilizing, but excess layers remain tight due to ongoing pressure from social inflation and nuclear verdicts impacting broader casualty lines. Rising litigation costs and large jury awards are driving underwriters to focus on loss history, contractual risk transfer, and operational controls when deploying capacity.

Property

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ABOUT THE DASHBOARD

The 2026 property insurance market is generally soft from a pricing and capacity standpoint, but it is not risk-light: abundant capital is suppressing rates even as catastrophe volatility and modeled losses continue to rise. Buyers should view this environment as an opportunity to improve structure and terms. Favorable renewals are achievable, but outcomes will depend on risk quality, accurate data, and strategic program design rather than market momentum alone.

DASHBOARD

MARKET HARDNESS
Stable

MARKET CAPACITY
Abundant

EXPECTED RENEWAL RATES
-5% to -15% decrease

TOP TRENDS, ISSUES AND CONSIDERATIONS

PRICING IS EASING. RISK IS NOT.

Pricing continues to trend downward as competition and available capital remain strong, creating a favorable buying environment for many. These conditions are expected to persist in the near term, but they are influenced by market confidence and loss experience. A major or unexpected loss could slow the softening trend.

CAPACITY IS WIDELY AVAILABLE BUT SELECTIVELY APPLIED.

There is ample property capacity across most industries and geographies, supported by both traditional insurers and capital markets. That said, carriers are differentiating aggressively based on construction, location, modeling results, and risk quality. Capacity is plentiful, but not unconditional.

SECONDARY PERILS ARE NOW FRONT AND CENTER.

Increasingly frequent hail, windstorm, wildfire, and other non-hurricane losses are reshaping property risk evaluation and driving tighter underwriting scrutiny, even in areas not traditionally seen as catastrophe-prone. Insurers are examining how secondary peril deductibles apply, which can vary by peril, location, or loss type and significantly influence out-of-pocket costs.

DEDUCTIBLES AND KEY TERMS ARE WORTH REVISITING.

Even as pricing improves, many property programs still retain meaningful risk through deductibles, retentions, and attachment points. It's a good time to review deductible levels and related terms and conditions, such as sublimits, waiting periods, coverage triggers, valuation language, and peril-specific wording, to confirm the program responds as expected when a loss occurs.

PREPARATION, RISK QUALITY, AND DATA ACCURACY DRIVE BETTER OUTCOMES.

Those who demonstrate superior risk quality through accurate replacement-cost valuations, a well-supported, defensible methodology, and robust COPE characteristics achieve the best renewal results. Insurers also favor organizations that can demonstrate ongoing loss prevention efforts, capital investments that reduce risk, and timely follow-through on engineering or loss control recommendations.

Surety

ABOUT THE DASHBOARD

The market's hardness is, as always, driven by the sector of work and the structure of the client. Sureties are more inclined to extend credit to privately held contractors working in the high-demand fields such as data centers and general infrastructure. The market is approaching the new "players" to the expanding sectors with increased scrutiny regarding the core scope of work and historical ability to perform. As we see the private equity market continue to remain firm, that is being exacerbated by funds entering sectors they have not performed in prior to recent years.

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DASHBOARD

MARKET HARDNESS
Hard

MARKET CAPACITY
Sufficient

TOP TRENDS, ISSUES AND CONSIDERATIONS

KEY MARKET DRIVERS

The market remains uneven, with demand strongest in data centers, high-tech manufacturing, and major digital infrastructure. Residential and traditional infrastructure stay soft, and project timing is still affected by economic uncertainty. Private equity is becoming more active across infrastructure, public works, and non-residential sectors, reshaping contractor financial structures and adding complexity to surety submissions. This challenge now spans the industry.

CHALLENGES & CONSIDERATIONS

Contractors still face labor shortages, input cost swings, and delayed starts on long projects. Private equity ownership adds further complexity. High leverage is a major concern, and even situational approvals hinge on steady working capital and disciplined cash flow. Holding period uncertainty and debt service also compete with daily liquidity needs. Strong performers maintain key operational leaders and add experienced outside talent, though execution varies widely by sponsor.

UNDERWRITING & CAPACITY TRENDS

Capacity remains available for well-capitalized, predictable contractors, but private equity is creating a split in the market. Sponsor sophistication, industry experience, and credit quality now drive underwriting outcomes. Experienced construction-focused funds face fewer hurdles, while unfamiliar or generalist sponsors trigger greater scrutiny around leverage, governance, and liquidity. Because most PE firms lack frequent reporting and strong forecasting, sureties are leaning more on cash flow proof, leadership stability, and clear capital support. Well structured deals still secure capacity, but weakly structured ones meet quick resistance—including outside PE-backed situations.

SECTOR DEMAND OUTLOOK

Demand remains strongest in data centers, high-tech manufacturing, power, and digital infrastructure, where growth continues to exceed the broader market. Public works are supported by federal funding through 2026, though activity is still shaped by economic uncertainty and shifting start dates. As private equity expands in these sectors, demand may rise, but underwriting will vary based on sponsor quality and financial structures. Meanwhile, residential, traditional manufacturing, and private office/retail continue to lag.

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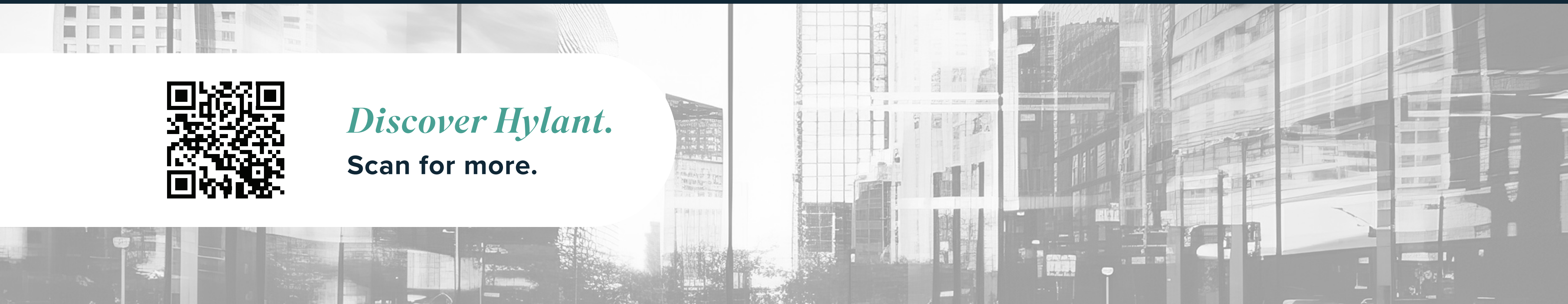

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