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Market Update

Commercial Insurance

| A LOOK AT THE STATE
OF THE INDUSTRY

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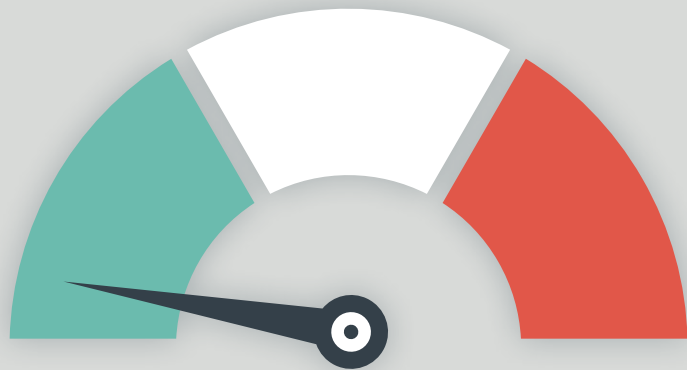
2026 Third Quarter

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



Soft

Stable

Hard

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.



Abundant

Sufficient

Limited

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



Underwriting discipline remains strong as carriers continue to struggle with commercial auto profitability. Expect rate increases to be pushed hard by carriers. Only the best-controlled fleets with an excellent loss history can achieve low-single-digit increases. Most business auto renewals include rate increases.

DASHBOARD



MARKET HARDNESS

Hard



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

5% to 20% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

RIISING LOSS COSTS

Commercial auto insurers have not been able to offset increasingly severe liability losses driven by social inflation. Escalating repair costs, attributed to technological advancements and higher labor costs for technicians, are also affecting physical damage loss costs and overall increasing loss costs.

STRUCTURED SOLUTIONS GROWTH

Market interest in structured solution programs is increasing significantly due to the high cost of insurance attributed to operating a large trucking or delivery fleet. These programs incentivize insureds with premium returns for good loss history, multiple-year price commitments, and a fair risk reward trade-off.

PERSISTENT DISTRACTED DRIVING

Distracted driving continues to be a major concern, despite increased awareness, tougher laws, and overwhelming evidence of the dangers it poses.

UNDERWRITING LOSS CHALLENGES

Business auto has remained the area of most concern for the industry. AM Best reported that the U.S. commercial auto segment generated more than \$10B in net underwriting losses over the past two years, extending a long period of underwriting losses for the line.

HEAVY-FLEET PRESSURES

Although all areas of the auto marketplace are stressed, heavy-fleet risks remain the most challenging segment.



Casualty

General Liability

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ABOUT THE DASHBOARD



General liability rates continue to rise modestly for most risks, with the exceptions of high-hazard and/or poor-performing risks. However, carriers continue to struggle with general liability profitability across their books of business.

DASHBOARD



MARKET HARDNESS

Hard



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

2% to 10% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

TIGHTER UNDERWRITING STANDARDS

Insurers are tightening capacity, terms, and exclusions and increasing scrutiny of high-risk sectors and emerging exposures.

CONTINUING MARKET STABILIZATION

After recent years of structure and retention adjustments, many GL programs have largely stabilized.

SOCIAL INFLATION PRESSURES

Carriers and reinsurers continue to struggle with social inflation and legal system abuse, both of which are driving claim severity higher.

IMPORTANCE OF RISK DIFFERENTIATION

Insureds with best-in-class loss profiles, risk controls, and loss histories should highlight these strengths during carrier meetings and renewal negotiations to achieve the best possible outcomes.

RETURN OF CAPACITY

Sufficient capacity and moderate competition for new business are returning to the retail segment.

Casualty

International

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ABOUT THE DASHBOARD



The market is broadly stable, supported by ample insurer capacity and competition among global carriers. While pricing conditions generally remain favorable, multinational organizations face increasing complexity from evolving regulations, geopolitical uncertainty, emerging technologies, and changing litigation environments. As a result, insurers are placing greater emphasis on underwriting discipline, data quality, and risk transparency. Organizations that proactively address these challenges and maintain strong global program governance are best positioned for favorable renewal outcomes.

DASHBOARD



MARKET HARDNESS

Stable



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

-5% decrease to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

REGULATORY FRAGMENTATION

Regulatory requirements continue to diverge across jurisdictions, creating greater complexity for multinational insurance programs. Differences in local policy requirements, premium remittance rules, insurance taxes, and cross-border restrictions require ongoing monitoring and program review.

ECONOMIC NATIONALISM

Governments are increasingly prioritizing domestic economic interests through localization requirements, trade restrictions, and regulatory oversight. These developments may affect insurance placement strategies, local compliance obligations, and multinational program consistency.

LITIGATION FUNDING GROWTH

The growth of litigation funding is enabling more claimants to pursue large and complex liability actions. As funding becomes more prevalent across international jurisdictions, organizations may face prolonged litigation, increased settlement demands, and greater claim severity.

CYBER-TRIGGERED LOSSES

Insurers remain focused on potential cyber-triggered casualty losses involving bodily injury, property damage, or operational failures. Underwriters are examining policy language more closely to define coverage intent and reduce uncertainty surrounding cyber-related loss scenarios. Organizations deploying robotics and autonomous systems face evolving liability considerations related to system malfunction, human-machine interaction, and operational oversight. Underwriters continue evaluating how increased automation may influence casualty loss potential.

THIRD-PARTY WORKFORCE RISK

Reliance on contingent labor, contractors, and outsourced operations continues to increase worldwide. Organizations should assess contractual risk transfer provisions and local employment obligations as liability arising from third-party workforce activities receives greater scrutiny.

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Excess capacity remains stable to increasing, as current pricing levels are acceptable to most carriers. High-hazard lead umbrella capacity is still limited to a small number of carriers. Supported umbrellas may lead to more favorable results, depending on the business class.

DASHBOARD



MARKET HARDNESS
Hard



MARKET CAPACITY
Limited



EXPECTED RENEWAL RATES
5% to 20%+ increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

RISK-SPECIFIC SCRUTINY

Risk-specific underwriting continues, with much more attention being paid to traditionally less-hazardous risks.

PRICING DISCIPLINE PREVAILS

Insurers remain focused on achieving pricing adequacy, no matter where they participate in the tower.

ARTIFICIAL INTELLIGENCE LIABILITY FOCUS

Artificial intelligence is the most closely watched emerging risk, as insurers are monitoring litigation trends and coverage implications across multiple lines.

DATA-DRIVEN DIFFERENTIATION

Investing in detail-oriented, data-driven submissions supported by loss analysis and risk controls consistently achieves better outcomes. Visible executive engagement signals commitment and credibility.

ALTERNATIVE RISK GROWTH

Alternative risk structures continue to gain popularity as rising lead prices force insureds to strongly consider these creative options.



Casualty

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The workers' compensation market continues with its strong performance. Underwriting combined ratios are expected to be well under 100 for 2026. Competitive pressure has driven premiums lower in many states, even as underlying cost trends begin to reassert themselves.

DASHBOARD



MARKET HARDNESS
Soft



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-3% decrease to 2% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

MEDICAL INFLATION PRESSURE

Medical inflation is accelerating beyond the general consumer price index. Medical expenses account for the majority of overall workers' compensation claim costs, and sustained inflation in this area poses a long-term challenge to rate adequacy.

FUTURE RATE FIRMING

Near-term market conditions remain favorable. However, complex losses such as cumulative trauma and long-duration occupational injuries represent a growing share of total claims. Combined with aging workforces in many sectors, these higher costs are not reflected in current pricing, which could signal rate firming later in 2026 into 2027.

ECONOMIC UNCERTAINTY IMPACT

Economic uncertainty could lead to layoffs, resulting in employees doing more work than usual, taking on work they are not properly trained for, or taking longer to return to work after an injury. These trends could lead to more claim frequency and severity.

TECHNOLOGY-DRIVEN COSTS

Medical technology advancements are increasing treatment costs and reducing mortality.

CONSISTENT PROFIT ENGINE

Workers' compensation, even with uncertainty around rising medical costs and overall claim costs, remains competitive and the profit driver for primary casualty lines.



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The market remains flexible and abundant for the right clients, particularly those that continue to evolve their cybersecurity posture and maintain a strong cyber resilience program.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-5% decrease to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

AI STAYS CENTER STAGE

AI continues to dominate the cyber marketplace, but businesses should not lose sight of the broader risk landscape. While AI-driven attacks are increasing, coverage remains abundant, with most cyber policies continuing to respond unless these risks are specifically excluded.

CONTROLS MATTER MORE

As the frequency and severity of attacks rise, strong incident response and disaster recovery planning, combined with effective day-to-day controls, are critical to reducing exposure and avoiding becoming the next headline. Legal risks, including class actions and wrongful tracking claims, also remain prevalent but can often be mitigated through the right controls, guidance, and employee coaching.

CAPACITY REMAINS STRONG

The market continues to offer ample capacity and competitive pricing, while creativity and a tailored approach to each organization's risk profile can make a meaningful difference. As businesses evolve, their cyber coverage must evolve with them.



Environmental

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Competition among pollution liability insurers remains robust, with ample capacity continuing to drive favorable conditions. We are seeing modest rate firming in combined general/pollution liability programs, with renewal increases ranging from 7% to 10%, with the largest increases generally affecting risks associated with more hazardous products and processes. Monoline pollution products continue to experience favorable renewal conditions, with pricing typically ranging from flat to 3% increases. Insureds renewing policies following a multi-year term can expect adjustments in the 3% to 5% range.

DASHBOARD



MARKET HARDNESS
Soft



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
3% to 7% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

PFAS UPDATE

As state PFAS regulations continue to expand, insurers are scrutinizing PFAS-related exposures, making it important for organizations to understand their risks, document controls, and evaluate coverage options.

AT THE CROSSROADS OF POLLUTION AND CYBER LIABILITY

Recent cyberattacks on U.S. water and wastewater facilities highlighted how quickly a cyber incident can become a pollution event. Organizations should evaluate how their pollution and cyber policies would respond to such an incident and assess any overlaps, gaps or coverage conflicts.

UNTAPPED EXCESS

As excess market conditions continue to firm, insureds may find additional capacity in the blended general/pollution liability marketplace. Primary line underwriters are increasingly willing to consider risks that may not have met their criteria in prior years. Once primary coverage is secured, excess capacity can be layered above to create a competitive tower.

AGING INFRASTRUCTURE

Many U.S. infrastructure systems, including water and wastewater treatment plants, industrial piping networks, and storage tanks, were constructed between 40 and 70 years ago. As they approach or exceed their intended life cycle, the risk of a pollution incident rises. Organizations should proactively assess their vulnerabilities and manage this risk with robust pollution prevention programs and appropriately structured insurance programs.

HISTORICAL POLLUTION LIABILITIES

Environmental due diligence is commonly associated with real estate transactions, but historical pollution liabilities can also accompany the acquisition of service-based businesses. Companies such as HVAC, mechanical, and building renovation contractors may possess legacy completed operations exposures not identified during the transaction process. Environmental liabilities can arise from operations just as readily as from owned property.

Executive Risk

Crime

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ABOUT THE DASHBOARD



Ample market capacity is being driven by strong growth throughout the United States, London, and Bermuda. Increased capacity is being established by insurers and new market entrants.

DASHBOARD



MARKET HARDNESS
Soft



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-2% decrease to 2% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

RISK CONTROLS

Pricing remains consistent. Insureds with strong controls within their business tend to achieve better underwriting/pricing results.

LOSS DRIVERS

Social engineering and employee theft continue to be the largest loss drivers in the market.

DIGITAL ASSET EXPOSURE

Digital asset and digital technology exposure are growing concerns for both businesses and underwriters. Reviewing policy language is important to ensure coverage is tailored to specific risks associated with the transfer, payment, and custody of digital assets.



Executive Risk

Directors & Officers Liability for Private Companies

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ABOUT THE DASHBOARD



The continued availability of capacity is fueling a competitive market for private companies. Several years of rate reductions have stabilized pricing, prompting incumbent insurers to resist offering significant premium cuts. However, the abundance of capacity combined with aggressive marketing efforts may still lead to further premium reductions and potential coverage enhancements.

DASHBOARD



MARKET HARDNESS

Stable



MARKET CAPACITY

Abundant



EXPECTED RENEWAL RATES

Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

DIFFERENTIATED UNDERWRITING BY INDUSTRY CLASS

Underwriting scrutiny remains elevated for sectors such as healthcare, artificial intelligence, cannabis, and oil and gas, where regulatory, operational, and litigation exposures continue to evolve rapidly. Conversely, the D&O market remains highly competitive for more established industries, including manufacturing, services, and retail, supported by favorable loss experience and broader insurer appetite. Ample market capacity and ongoing competition among carriers continue to support attractive pricing and coverage terms for well-performing risks across these sectors.

UNDERWRITING SCRUTINY FOR FINANCIALLY DISTRESSED COMPANIES

Companies that are financially distressed and have pre-restructuring/bankruptcy risks are still routinely subject to underwriting scrutiny.

EXPANDED COVERAGE

Private companies are receiving favorable coverage grants that may have previously been limited, such as coverage for antitrust matters and informal/formal entity investigations.

FAVORABLE EXCESS CONDITIONS

Competition remains particularly strong across excess D&O layers, with abundant insurer capacity continuing to support attractive pricing and broad market participation. Given the depth of available capacity and favorable excess-layer economics, organizations may wish to evaluate the cost-effectiveness of purchasing additional limits, particularly as claim severity and settlement values continue to trend upward.

PRIVATE EQUITY PRESSURES

Private equity roll-up platforms are subject to underwriting scrutiny related to macroeconomic concerns such as interest-rate pressure leading to debt covenant violations, unfavorable debt refinancing, and potential antitrust exposure.

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ABOUT THE DASHBOARD



The market remains fairly stable, with most D&O towers renewing with flat to low-single-digit premium increases. Carriers are being selectively aggressive, with many focusing on historically stable public companies to add to their portfolio. After years of declining rates, D&O insurers are adopting disciplined underwriting practices to address emerging artificial intelligence (AI) risks and cyber incidents like ransomware, outages, IP theft, and supply chain exposures. While the focus on individual risks is increasing, sectors prone to event-driven litigation will face stricter underwriting throughout the tower.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
Flat 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

AI continues to be an omnipresent topic across the business world. In 2025, we had a record number of AI-related securities class action suits, and this number is 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

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ABOUT THE DASHBOARD



The market remains competitive with sufficient capacity, but it is beginning to firm. Markets are committed to writing new business and providing favorable renewals to maintain their books of business. Companies with substantial loss histories or exposures in challenging jurisdictions (e.g., California, New York, Illinois, Texas, Florida) or certain industry classes (e.g., healthcare and retail) may see the higher end of the market from a premium and self-insured retention standpoint.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Sufficient



EXPECTED RENEWAL RATES
Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

PERSISTENT WAGE AND HOUR EXPOSURE

Wage and hour claims remain a key source of litigation risk, driven by classification, overtime, and regulatory compliance issues.

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.

INCREASING SEVERITY OF EMPLOYMENT-RELATED CLAIMS

Rising settlement values, elevated defense expenses, and the growing prevalence of high-value jury awards are contributing to increased EPL claim severity and greater financial exposure for employers.

PAY TRANSPARENCY MONITORING

Underwriters are monitoring pay transparency laws in some jurisdictions, which require employers to disclose compensation information and salary data.

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.



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Fiduciary Liability

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ABOUT THE DASHBOARD



The fiduciary liability market remains competitive, with ample capacity available and generally flat pricing for well-managed risks. At the same time, insurers continue to monitor ongoing litigation trends, including 401(k) forfeiture lawsuits, pension risk transfer challenges, excessive-fee claims, and other ERISA fiduciary breach allegations.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Sufficient



EXPECTED RENEWAL RATES
Flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

FORFEITURE LITIGATION

Although slowing from 2025 highs, litigation continues, which challenges the use of unvested 401(k) forfeitures to offset future employer contributions rather than pay plan expenses. Decisions have generally favored plan sponsors, with the Eighth Circuit recently becoming the first federal appellate court to uphold a forfeiture case dismissal after finding that the plaintiff lacked standing because no actual participant harm was alleged. Despite these developments, litigation remains active, and plan documents should be reviewed for clear language that establishes forfeiture administration practices.

PENSION RISK TRANSFER LITIGATION

As elevated interest rates continue to reduce pension liabilities, the current environment for pension risk transfers (PRTs) is attractive. However, plaintiffs continue challenging sponsors engaging in this transfer, alleging the selected annuity providers are not the "safest

available" under DOL guidance. Although most plan sponsors have seen early litigation success, PRT transactions continue to generate significant defense costs. Underwriters are paying close attention to sponsors that have completed or are considering large pension de-risking transactions, particularly where private equity-backed insurers are involved.

VOLUNTARY BENEFIT PROGRAM LITIGATION

A new type of excessive fee litigation has emerged as plaintiffs attempt to extend the same claims used in the retirement plan space to welfare and voluntary benefit programs, creating a potentially significant expansion of fiduciary risk. While litigation remains in early stages, it will be important to monitor decisions on whether these plans constitute ERISA-covered plans, thereby subjecting sponsors and fiduciaries to ERISA's fiduciary responsibilities.

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ABOUT THE DASHBOARD



The RWI market remains one of the most competitive specialty insurance segments. Despite increasing claim severity and pressure on carrier profitability, abundant capacity and continued new capital entrants are expected to maintain favorable pricing and broad coverage availability through the balance of 2026. Buyers who invest in robust diligence, particularly around financial statements, compliance, customer contracts, and cross-border operations, are likely to achieve the strongest underwriting outcomes.

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

DEAL ACTIVITY IS REBOUNDED, SUPPORTING STRONG RWI DEMAND

Middle-market M&A activity has accelerated throughout 2026 as sponsors and strategic buyers return to the market following a period of valuation uncertainty. RWI remains a standard feature in most sponsor-backed transactions and is increasingly being incorporated earlier in deal planning.

CLAIM SEVERITY IS NOW THE MARKET'S PRIMARY CONCERN

While claim frequency remains relatively consistent, insurers are increasingly focused on the size of losses being reported. Recent industry data indicates record levels of claim payments and recoveries, driven by large financial statement issues, compliance matters, and material customer or contract disputes. As a result, carriers are placing greater emphasis on the quality of diligence surrounding these areas.

UNDERWRITING SCRUTINY CONTINUES TO INCREASE

The market remains highly competitive, but underwriting is becoming more disciplined. Underwriters are requesting deeper diligence

documentation, enhanced quality of earnings analyses, and more detailed assessments of key customer concentrations, revenue recognition practices, and compliance risks. Well-prepared submissions continue to achieve the most favorable terms and pricing.

CONTINUATION VEHICLES REMAIN A MAJOR SOURCE OF TRANSACTIONAL INSURANCE ACTIVITY

GP-led secondaries and continuation vehicle transactions continue to represent one of the fastest-growing segments of the private equity market. As sponsors seek additional time to create value from high-performing assets, continuation vehicles are increasingly being used to provide liquidity options to existing investors while maintaining ownership of attractive portfolio companies. Transactional insurance has become a key component of these deals, helping address conflicts, support fairness processes, and facilitate cleaner risk transfer between selling and rolling investor groups.

Marine Cargo

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Marine and cargo markets remain firmly in a softening cycle, driven by abundant capacity, new markets and increased competition among domestic and London insurers. Well-performing accounts are benefiting from stable to decreasing renewal rates, broader coverage enhancements and greater flexibility in program structure. Capacity is readily available across cargo, stock throughput, marine property and ports and terminals risks, creating favorable conditions for buyers who engage the market early.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-10% decrease to 11% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

SOFT MARKET CONDITIONS CONTINUE

Marine and cargo insurance markets remain favorable for buyers as competition among insurers continues to increase. Well-performing accounts are experiencing stable to decreasing rates and greater negotiating leverage at renewal.

INCREASED CAPACITY CREATES BUYER ADVANTAGE

Additional carrier and MGA capacity in both domestic and London markets is creating more options for insureds. Expanded underwriting appetite is supporting broader coverage terms and greater program flexibility.

STOCK THROUGHPUT SOLUTIONS GAIN MOMENTUM

As property markets continue to soften, stock throughput programs are gaining traction as an alternative to traditional property and inland marine placements. These solutions can help eliminate coverage gaps while creating additional competition among insurers.

ALL EYES ON U.S. SHIPYARDS

Federal investment in maritime infrastructure, naval expansion initiatives and renewed focus on domestic shipbuilding are driving significant activity across U.S. shipyards. As facilities grow and modernize, risk management strategies should address workforce, construction, cyber and contractual exposures.

CATASTROPHE EXPOSURE REMAINS A KEY UNDERWRITING FOCUS

Despite favorable market conditions, underwriters remain focused on hurricane, flood and coastal accumulation exposures. Accurate valuations, updated catastrophe modeling and strong loss prevention measures remain critical to achieving the best renewal outcomes.

Property

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The property insurance market remains favorable for buyers, driven by abundant capacity, strong insurer competition, and expanding participation from domestic, London and Bermuda markets. Many organizations continue to achieve rate reductions while gaining access to broader coverage and more flexible program structures. However, underwriting remains highly risk-specific. Insurers continue to closely evaluate wildfire, flood, hail, and convective storm exposures, while organizations with strong risk management, accurate valuations, and quality data are achieving more favorable renewal outcomes.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-5% to -15% decrease

TOP TRENDS, ISSUES AND CONSIDERATIONS

BUYERS CONTINUE TO GAIN LEVERAGE

Property insurers remain focused on growth, creating a highly competitive market. Insureds with favorable loss history and strong risk management continue to benefit from rate reductions, increased participation, and greater negotiating leverage.

MORE CAPACITY MEANS MORE OPTIONS

Capacity remains abundant across domestic and wholesale markets. Buyers have more options than they have seen in several years, creating opportunities to increase limits, diversify carrier panels, and simplify program structures.

COVERAGE TERMS ARE IMPROVING

Competition extends beyond rate reductions. Many insurers are offering broader coverage, larger line sizes, lower deductibles, and flexibility around policy terms to differentiate themselves and win business.

SECONDARY PERILS REMAIN A KEY FOCUS

Underwriters continue to closely evaluate exposures to wildfire, flood, hail and SCS. CAT-exposed accounts generally have access to capacity, but pricing, attachment points, and percentage deductibles remain areas of scrutiny.

RISK QUALITY DRIVES RESULTS

As market conditions improve, insurers are differentiating accounts based on risk quality rather than broad market trends. Organizations with accurate valuations, quality exposure data, strong engineering, effective loss control programs, and favorable loss experience are achieving the best outcomes.

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Although market hardness and capacity will always be business- and client-class dependent, we are seeing a softening of the underwriting scrutiny experienced in previous quarters. As we continue to see an evolving state of ownership models—think Private equity and ESOP—we are seeing the market open appetite to accommodate these needs in both a contract and commercial surety sense. Additionally, the capacity is ripe for the classes of business that are becoming more mainstream, such as data centers, complex infrastructure and civil utilities.

DASHBOARD



MARKET HARDNESS

Hard



MARKET CAPACITY

Sufficient

TOP TRENDS, ISSUES AND CONSIDERATIONS

KEY MARKET DRIVERS

The market remains healthy and competitive, supported by strong carrier capacity and continued investment in infrastructure, power, and digital infrastructure projects. Demand remains strongest in data centers, energy, utilities, and public infrastructure, where project size and complexity continue to grow. Sureties are increasingly focused on contractors' ability to manage larger, more technically demanding projects.

CHALLENGES & CONSIDERATIONS

Contractors continue to face financing pressures, labor constraints, material cost volatility, and schedule uncertainty. Long-duration projects remain sensitive to changing economic conditions and supply chain disruptions. Owners are also transferring more risk through aggressive contract language, including liquidated damages provisions, milestone penalties, and design-build delivery methods, increasing the importance of disciplined contract review and project controls.

UNDERWRITING AND CAPACITY TRENDS

Capacity remains abundant for well-capitalized contractors with proven performance. However, underwriting has become more data-driven, with greater emphasis on cash flow, backlog quality, labor deployment, work-in-progress reporting, and underbilling trends. Sureties are paying closer attention to operational execution and contractor overextension as firms pursue larger projects, expand geographically, or enter new sectors.

SECTOR DEMAND OUTLOOK

Data centers, power generation, transmission, utilities, and infrastructure projects are driving demand for surety credit. Federal investment programs and modernization efforts are supporting healthy industry backlogs. At the same time, slower private development has increased competition for public work. Contractors that balance growth opportunities with strong project controls, leadership depth, and financial discipline remain best positioned to secure continued surety support.

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