



U.S. Business Insurance Market Update

Summer 2026

Never settle for less.

Content

Market Overview.....	03
Property	09
Casualty	22
Market Updates by Industry:	
Aviation	30
Construction.....	32
Cyber.....	36
Directors and Officers	40
Energy.....	43
Marine	46
Public Entities.....	50
Real Estate & Hospitality	54
Senior Care	57
Transportation	60



McGriff Specialty Market Update

For more than a century, McGriff has delivered customized insurance and risk management solutions to help businesses and organizations navigate their most complex challenges.

That's the mission behind the **McGriff Specialty Market Update**. Here we distill key trends, highlight emerging risks and opportunities, and offer context to support strategic, long-term planning.

Informed decisions require clear, credible insight. Clients trust us to know their business, regardless of sector – that's why each edition of Market Update features industry reports grounded in research, experience, and a forward-looking perspective.

And since McGriff is part of Marsh McLennan Agency (MMA) and the broader Marsh family, we've partnered with our colleagues from the world's leading risk advisor to provide a comprehensive analysis of the [P&C landscape](#).

By sharing our collective insights transparently and consistently, we aim to equip our clients with the knowledge they need to move forward with confidence.

[Enjoy this edition of the McGriff Specialty Market Update.](#)

Overview

According to the Q1 2026 Marsh Global Insurance Market Index, rate moderation across the property and casualty market continued, with pricing trending downward in most major lines.

Commercial Property continued to soften, while Liability remains a pressure point. Professional lines, Cyber, and Workers' Compensation were generally flat to decreasing.

Property rates fell an average of 10% in Q1 2026, marking several consecutive quarters of easing conditions. "The U.S. Property insurance market is in a clear buyer's market, with pricing declining and competition among carriers creating meaningful leverage for insureds," noted Adam Balentine, president of National Business Insurance at Marsh McLennan Agency.

"From a strategic standpoint, this environment presents more than just premium savings," explained Balentine. "Buyers should use current market conditions to negotiate improved terms, validate limits, and strengthen overall program structure. With Liability still under pressure, the soft Property market provides a window to reallocate savings toward closing coverage gaps, enhancing business interruption protection, and reducing exposure to volatility across the broader insurance portfolio."

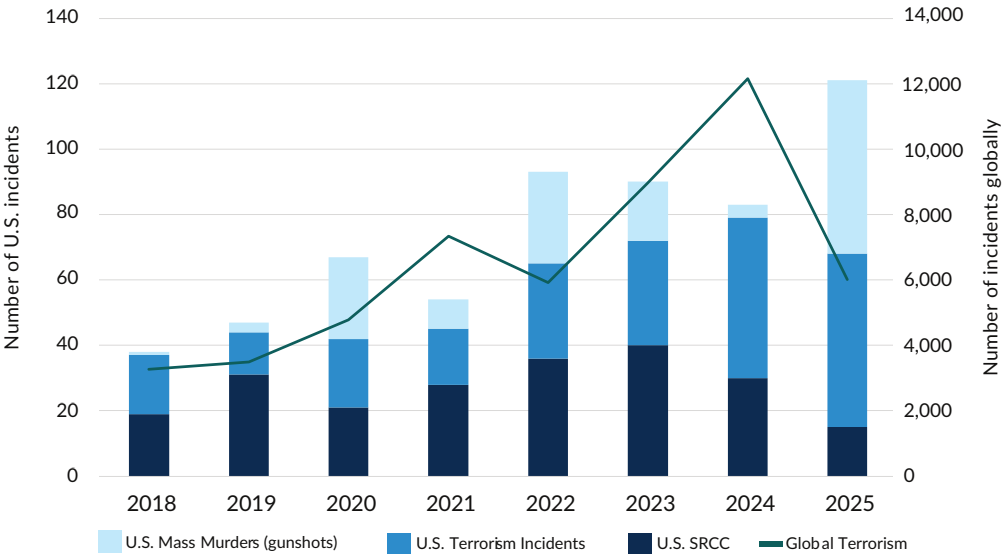
Broader industry analysis supports this view while also pointing to a measured softening cycle. ALIRT reports insurers are entering this phase from a position of relative strength, with strong underwriting results and improved surplus levels. AM Best similarly highlights sustained underwriting discipline, stronger risk selection, and enterprise risk management as factors that can support continued profitability even as pricing declines. At the same time, Verisk notes ongoing exposures—including catastrophe risk, inflation, and economic uncertainty—are reinforcing the need for continued underwriting discipline.

Taken together, these dynamics suggest the Property market is more favorable for buyers and is supported by solid carrier fundamentals. That may translate into a steadier, more competitive environment, giving insureds an opportunity to optimize coverage, negotiate better terms, and strengthen overall program resilience.

Geopolitical Risk and Shifting Threat Environments

Geopolitical risk is becoming an increasingly influential factor in how insurers and insureds assess exposure across Property, Casualty, and specialty lines. According to the [Marsh Global Terrorism Risk Insurance Report 2026](#), the nature of terrorism and political violence is evolving from centralized, large-scale attacks toward more decentralized, ideologically driven events that target people, infrastructure, and critical systems. That shift, which includes tactics ranging from active-assailant incidents and sabotage to cyber-enabled attacks, may call for more adaptive risk management and insurance strategies.

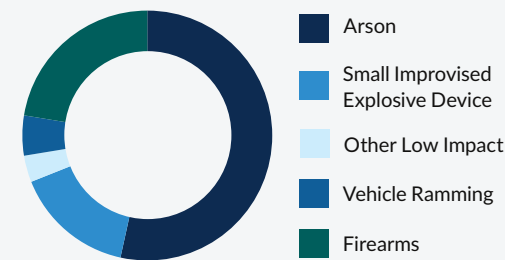
U.S. SRCC, Terrorism, and Mass Shootings and Global Terrorism



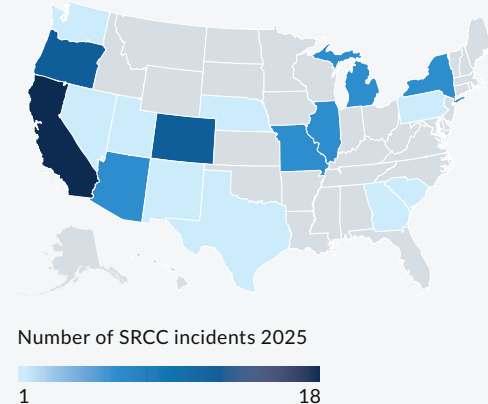
Source: Marsh



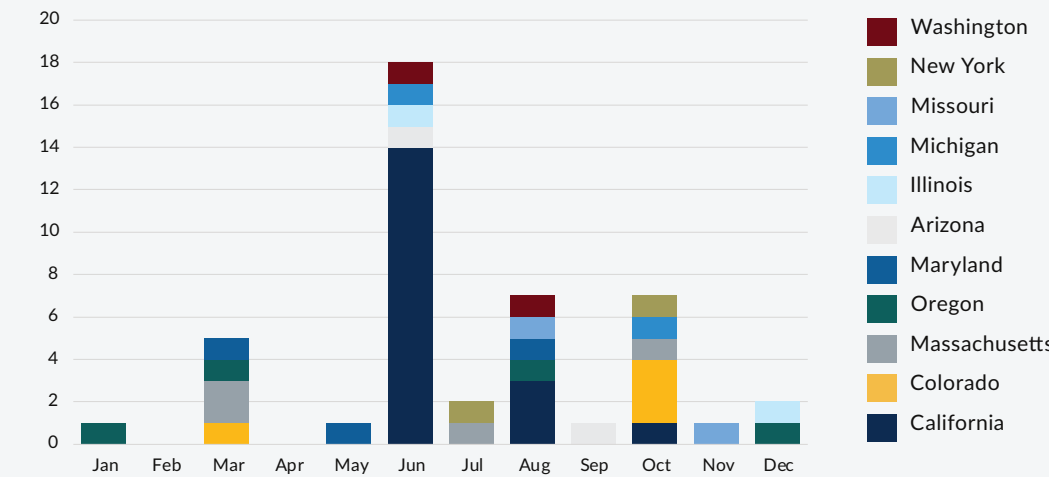
2025 U.S. Terrorism Methods



2025 U.S. SRCC Incidents by State



2025 U.S. SRCC by Month (States with >1 Incident)



Source: [Marsh Global Terrorism Risk Insurance Report 2026](#)



The report also notes geopolitical tensions are contributing to a more fragmented, volatile global environment where distinctions between terrorism, political violence, and civil unrest can be harder to draw. State and non-state actors are operating in more interconnected ways, and instability in one region can spill over into others. In the U.S., observers have identified a rise in lower-complexity but higher-frequency events—such as strikes, riots, and civil commotion (SRCC)—and increased targeting of “soft targets” such as workplaces, schools, and public venues.

Geopolitical tensions in the Middle East remain a concern, especially as the situation evolves and could have potential for broader regional effects. While conditions are fluid, geopolitical conflict can increase terrorism risk, state-sponsored sabotage, and cyber activity targeting critical infrastructure. These dynamics are particularly relevant for globally exposed organizations: cyberattacks, which are often hard to attribute, can cause cascading impacts across supply chains, operations, and financial systems.

Activity in the Strait of Hormuz has emerged as a notable pressure point for global trade. Maritime traffic remains constrained; commercial operators and major shipping firms are exercising caution while awaiting clearer security and operating guidance, according to a Bloomberg report. Transits have not fully returned to pre-event levels and are subject to heightened oversight, evolving requirements, and uncertainty around passage protocols. Even after a ceasefire, shipping activity has generally stayed lower, with vessels delaying or rerouting movements as conditions stabilize.

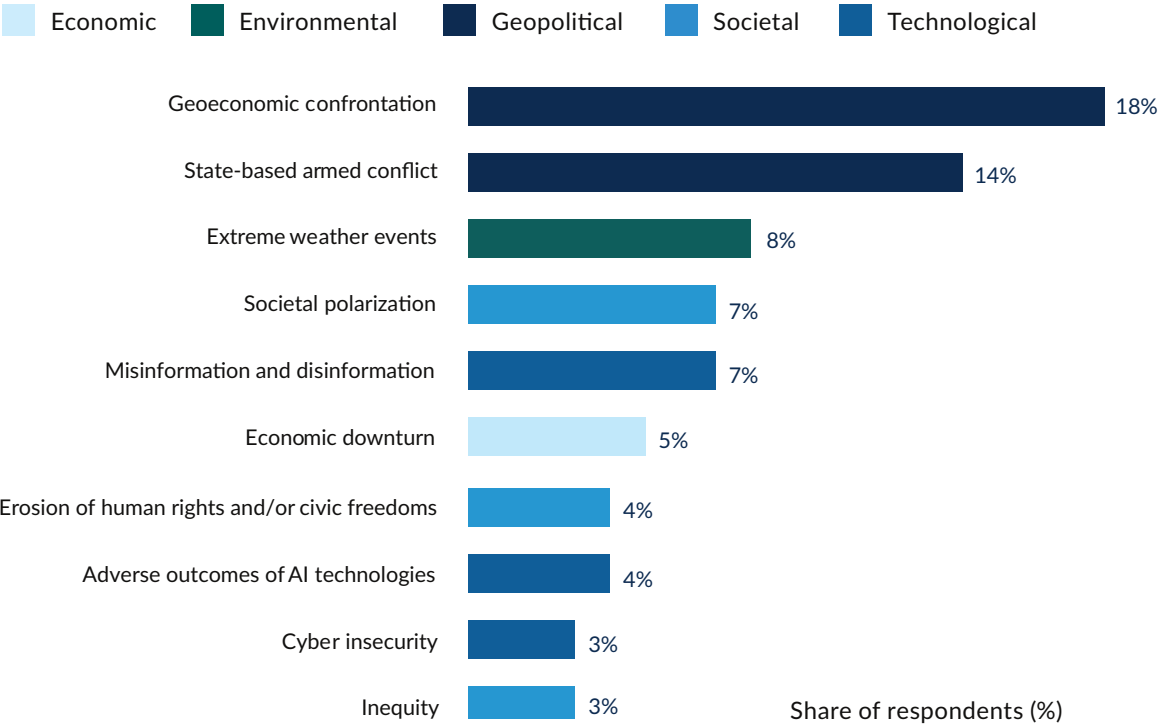
The situation is fluid: many thousands of vessels remain positioned in the Gulf and there is a backlog of cargo—particularly energy shipments, that will take weeks or longer to clear even under stable conditions. As a major global chokepoint handling roughly 20% of the world’s seaborne oil, partial disruption continues to add volatility to energy markets, supply chains, and marine exposures.

Echoing these concerns, Marsh CEO John Doyle noted in a recent [CNBC interview](#) that while insurance and trade markets remain operational, conditions are highly dynamic and insurers are actively monitoring exposures and adjusting to risks in real time. He emphasized that maintaining the “free flow” of trade across the region is critical and highlighted the insurance market’s role in supporting continuity amid ongoing uncertainty.

In response to the heightened risk environment and the need to support trade continuity, a U.S.-backed marine war risk facility, led by Chubb in partnership with the U.S. International Development Finance Corporation (DFC), is set to introduce up to \$40 billion in additional capacity. Doyle, in his CNBC interview, welcomed the initiative, calling it “an important step in supporting the continued flow of global trade” amid geopolitical uncertainty. More information about the marine war risk facility is included in our [Property update](#).

From an insurance perspective, these developments highlight the value of a more integrated approach to risk transfer. Coverage solutions are evolving to address not only traditional property damage but also nonphysical losses, business interruption, and cyber-related events linked to geopolitical activity. Because threats can be more interconnected and harder to predict, many organizations are evaluating stand-alone Terrorism, Political Violence, and Cyber coverages alongside traditional programs to better align protection with their current risk profile.

Global Risk Landscape Outlook for 2026



Source: [Marsh Global Terrorism Risk Insurance Report 2026](#)



Looking Ahead

As 2026 progresses, market conditions remain mixed. Property pricing is generally more favorable for buyers, in part supported by greater competition and capacity, while Liability continues to feel ongoing pressure from litigation trends and rising claim severity. At the same time, severe weather, geopolitical uncertainty, and the growing intersection of physical and cyber risks are reshaping the broader risk landscape. In this environment, many organizations are placing greater emphasis on a long-term risk strategy.

Organizations that use favorable Property conditions to strengthen coverage, invest in resilience, and address emerging exposures may be better positioned to navigate ongoing volatility and maintain stability across their insurance programs.

We Offer Optionality and Solutions

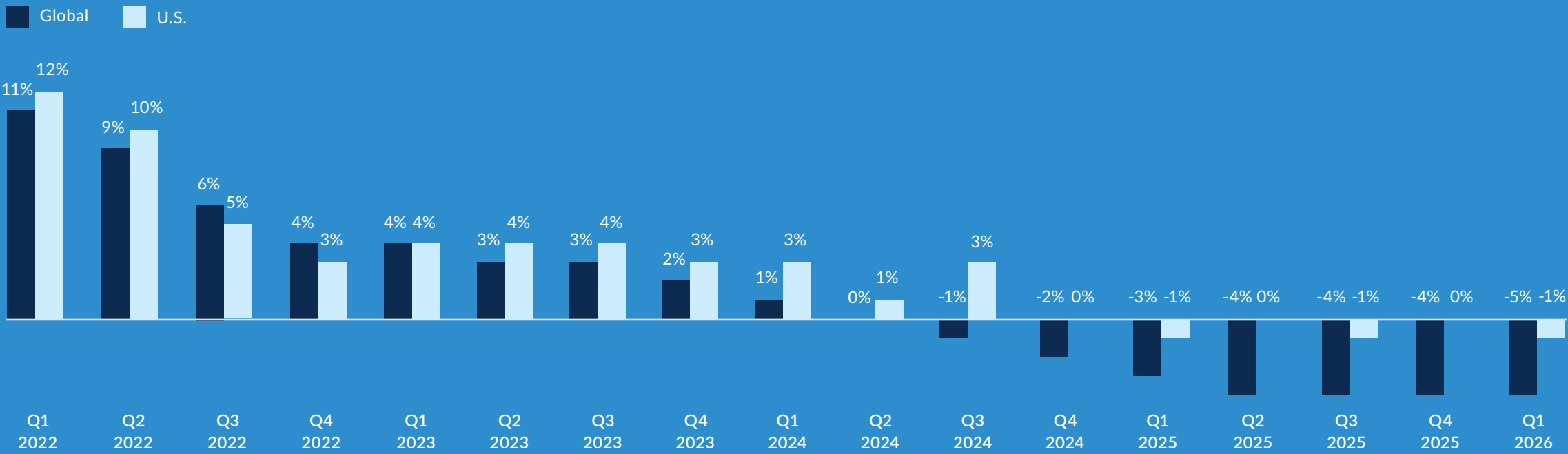
Optionality—the flexibility to choose what works best for managing organizational risk—can be valuable in today’s U.S. Property and Casualty insurance market. It can help insureds adapt to changing risks and market conditions by allowing policies to be customized to better meet specific needs, improve coverage, and manage costs. Optionality can also help improve resilience and competitiveness and support navigating uncertainty in a dynamic insurance environment. Insurers are responding with long-term agreements and strategic options that support Marsh McLennan Agency (MMA) in negotiating more favorable terms in a competitive market.

We remain committed to supporting our clients through shifting conditions and can work with you to develop strategies to help you achieve the best outcomes.

Observations

According to the Marsh Global Insurance Market Index, the global composite rate fell 5% in Q1 2026 and was down 1% in the U.S. The global decline largely reflected a 9% drop in global Property rates, supported by increased capacity and favorable reinsurance conditions.

U.S. Composite Insurance Pricing Change



Source: Specialty and Global Placement

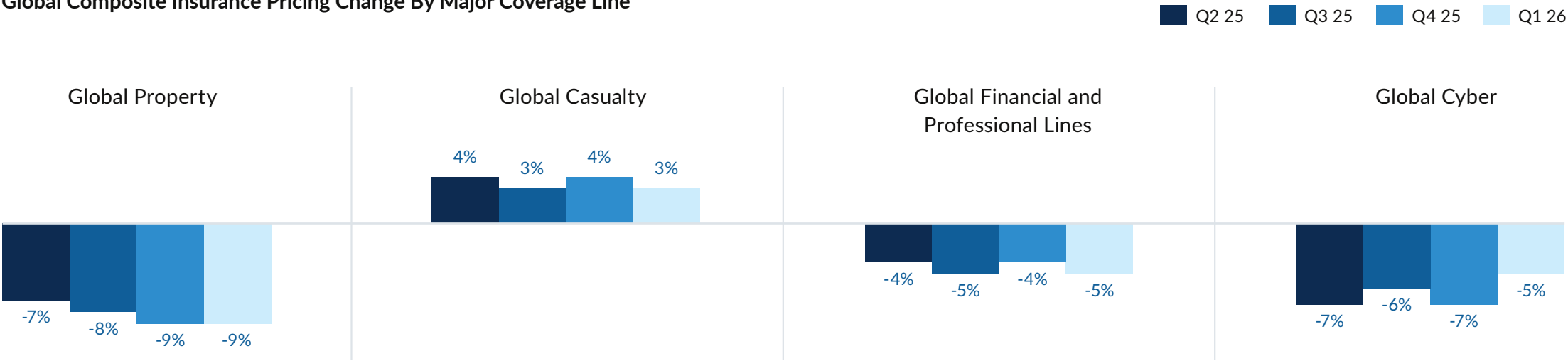
Year over year, global property rates **fell 9%**, and decreased by 10% in the U.S.

Global casualty rates **rose 3%**, a slight decrease from the prior quarter. In the U.S., casualty rates increased 9%, largely reflecting moves in excess/umbrella and commercial auto lines. Excluding workers' compensation, the U.S. increase averaged 12%.

Rates for financial and professional lines **decreased 5%** globally and decreased by 2% in the U.S.

Cyber insurance rates **dropped 5%** worldwide and decreased 2% in the U.S.

Global Composite Insurance Pricing Change By Major Coverage Line



Source: Specialty and Global Placement; these rates reflect Marsh's client portfolio segment mix.

Property

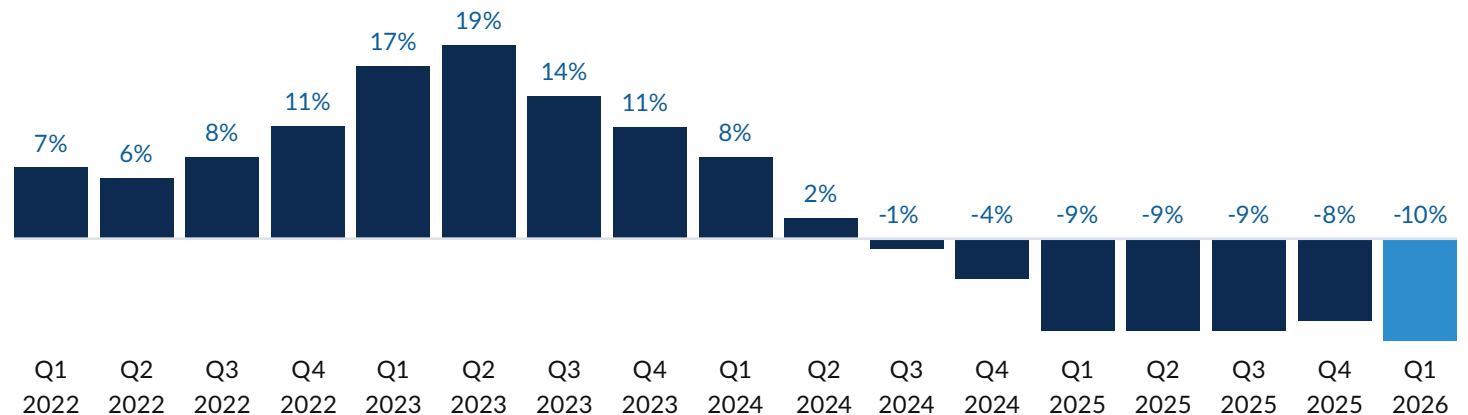
The U.S. Property market continues to favor buyers, driven by an influx of new capital, particularly into the excess and surplus (E&S) space, and strong reinsurance support.

Like many direct shared and layered property placements, many reinsurance treaty renewals have been oversubscribed, which can contribute to further downward pressure on pricing and increasing competition.

Rate Trends

- The Marsh Q1 2026 U.S. Property Insurance Index shows that rates have **decreased by 10%** on average (5% for single-carrier accounts).
- The overall market is experiencing continued downward pressure on rates, driven by excess capacity and strong insurer profitability.
- Shared and layered programs are seeing the most significant reductions, with larger placements achieving greater savings as competition intensifies.
- Single-carrier placements generally are experiencing flat to modest decreases, with some smaller accounts seeing minimal movement, depending on exposure.
- Rate reductions are closely tied to premium size: larger programs offer more opportunities to drive savings through competition and restructuring.
- While pricing is improving, coverage enhancements are beginning to follow, with early signs of easing in certain deductibles and terms. We expect this trend to continue through Q2.

U.S. Composite Insurance Pricing Change – Property



Source: Specialty and Global Placement

Conditions and Observations

- The Property market remains competitive, with substantial capital actively seeking deployment.
- Many carriers have expanded appetite for property risks, and underwriters in some areas are more receptive to pricing negotiations.
- New entrants, particularly MGAs and E&S carriers, are introducing clean capacity not burdened by prior losses, which is adding to competition across larger placements. This capacity has yet to be tested by major catastrophe losses, so it remains to be seen how robust it may be in the short- to medium-term if exposed to significant loss severity.
- Insurers are showing increased flexibility in underwriting, particularly within shared and layered programs, where risk selection is beginning to loosen.
 - Competition is most apparent in catastrophe-exposed and shared placements, where carriers may deploy smaller lines of capacity to pursue returns.
- Single-carrier placements tend to be more disciplined, with carriers generally more selective around occupancy type and risk quality. These placements can have thinner margins and greater net exposure for insurers in some cases.
 - In the small commercial Property market, premium increases persist on many non-catastrophe-exposed risks. While carriers continue to enforce building age restrictions and may non-renew certain risks as they reassess portfolios, there are signs of flexibility, with some markets reopening underwriting for older properties and reconsidering previously declined submissions where loss history is favorable and pricing is adequate.
- Growing competition may create opportunities to restructure programs, improve terms, and optimize placement strategies.
- Some markets in specific geographic areas are opening their appetite to habitational risks, while others continue to have limited appetite.
- Despite generally favorable conditions, the market remains attentive to large catastrophe events. A significant loss event (or series of events)—potentially in excess of \$175 billion—could be required to materially shift current dynamics.

Renewal Strategy

- In a softening Property market, a more effective approach may be to reassess and restructure rather than simply renew. Organizations should consider taking advantage of current conditions to revisit program design, evaluate retention levels, and test alternative placement strategies.
- Key considerations can include aligning coverage with risk tolerance, improving data quality and asset valuations, and proactively addressing known exposures.
- Clear articulation of loss control measures and risk mitigation investments can further strengthen positioning with underwriters and support more favorable outcomes.
- Organizations should also remain mindful of broader business conditions, as many industry sectors are facing significant challenges. Economic pressures, supply chain issues, and geopolitical uncertainty continue to influence capital allocation decisions. While some organizations may reinvest savings to improve their risk profile or resilience, others may prioritize liquidity, so it is important to align insurance strategy with overall financial objectives.

Reinsurance Trends from Guy Carpenter

The reinsurance market continues to soften globally, with abundant capital and excess capacity driving increased competition and more favorable conditions for property placements, according to Guy Carpenter.

Q1 2026 insured catastrophe losses are projected at approximately \$13 billion, more than 50% below the five-year inflation-adjusted average—a pattern consistent with a relatively mild start to the year. Full-year 2025 losses have been revised down to about \$109 billion from \$121 billion, although overall loss activity appears elevated compared to historical norms and continues to show year-to-year volatility.

At the same time, reinsurance capital has reached record levels – roughly \$660 billion – supported by both traditional and alternative sources. That capital base has generally outpaced recent loss activity and can help reinforce market stability and support more favorable conditions for buyers.

Reinsurance Market Trends Continue at April 1, 2026

Macro Market Themes

\$6bn

Catastrophe bond limit placed
Most active Q1 on record

\$13bn

Insured losses incurred Q1 2026
50% below 5-year inflation-adjusted average

16%

Estimated 2026 reinsurer ROE
Above pre-2023 levels

13%

Average reinsurer share of insured loss FY 2025
Lower than pre-2023 average of 20%

Middle Eastern Conflict

Soft market conditions and insights from Russia-Ukraine conflict position clients for successful renewal outcomes and uninterrupted reinsurer support.

Regional Renewal Outcomes

-10 to -20%

Asia-Pacific excess of loss rates

-14%

U.S. property catastrophe ROL index

-20 to -30%

India excess of loss rates

23%

Excess property catastrophe capacity
Asia-Pacific renewals 2026

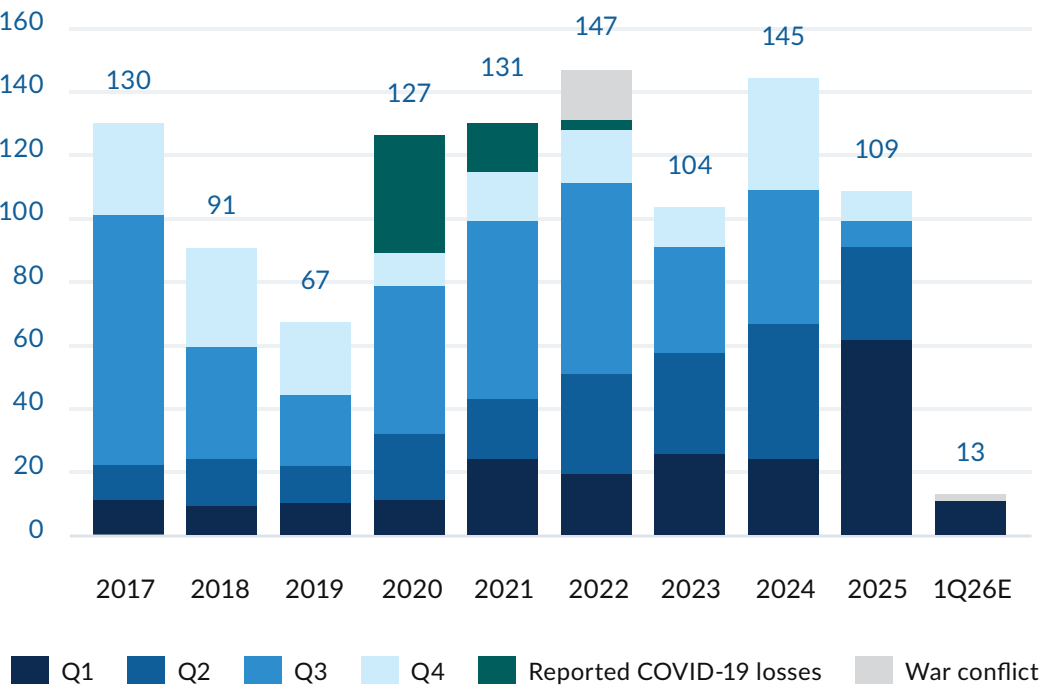
Data Centers and Digital Infrastructure

With over 1,500 projects underway and more than 50 individually exceeding USD 7.5 billion in capital, the reinsurance opportunity is unprecedented.

Macro Market Trends

Insured Catastrophe Losses

The total insured industry losses for Q1 2026 are projected to be around \$13 billion, more than 50% lower than the 5-year inflation-adjusted average. The 2025 insured loss estimate has been revised from \$121 billion published in Guy Carpenter's January 1, 2026 report to \$109 billion.

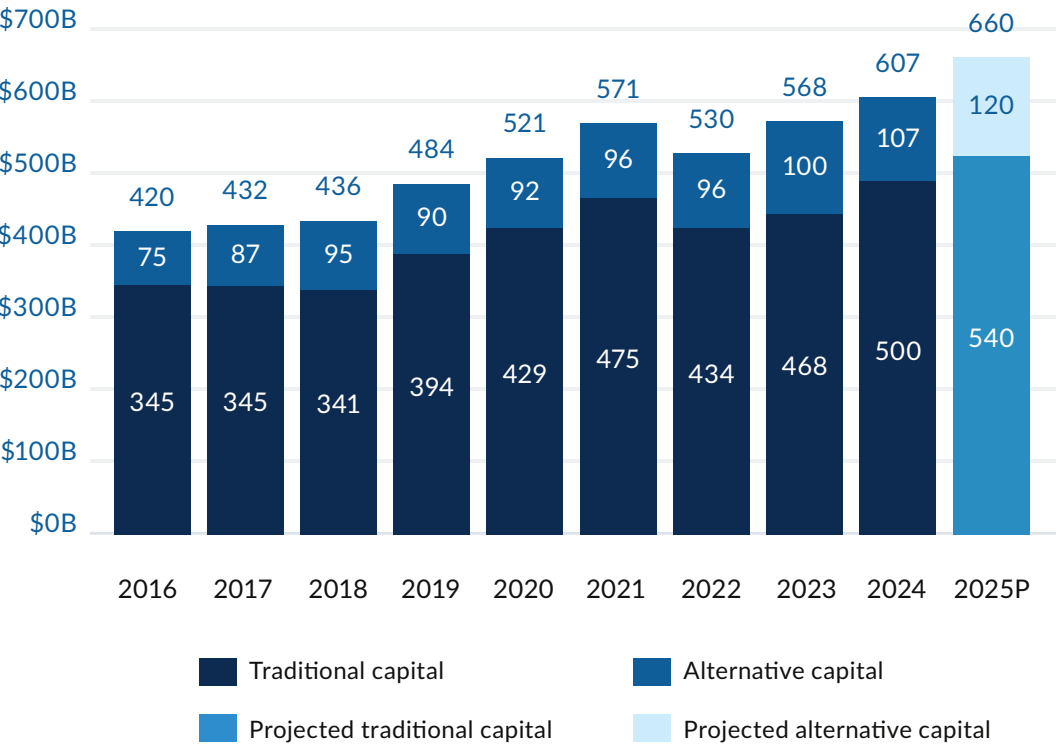


Source: [Guy Carpenter](#)



Capital

Reinsurer capital has reached an all time high. Dedicated reinsurance capital is forecasted to have grown by around 9% in 2025.



Reinsurance Trends from Guy Carpenter (cont.)

- Oversubscribed renewals and strong reinsurer balance sheets are contributing to downward pressure on Property pricing, particularly in catastrophe-exposed business.
- Double-digit rate reductions have been achieved in some loss-free, well-structured property catastrophe programs, especially when competition is present.
- Despite pricing declines, terms and conditions have generally remained stable, which reflect a disciplined soft market rather than a deterioration in underwriting standards.
- Many reinsurers are showing appetite to deploy capacity, which can help support broader availability of coverage and greater flexibility in program structure.
- Recent loss activity has involved a larger share of secondary perils (e.g., severe convective storms, flooding, wildfire), which continue to influence underwriting focus and long-term pricing considerations.
- Ongoing geopolitical tensions, including conflict in the Middle East, are being closely monitored and have not, to date, materially disrupted property reinsurance capacity, though they contribute to broader risk uncertainty.
 - Estimated regional exposures to war and political violence for land-based conflict range from \$70 billion to \$80 billion.
 - In the marine sector, vessels exceeding 50,000 gross tonnes represent about \$14 billion in exposure, while total hull-only exposures are expected to surpass \$45 billion. When cargo is included, potential losses could increase materially, underscoring the scale of risk in the current environment.
- Overall, current reinsurance dynamics support a buyer-friendly Property market, with more capital and competition leading to better pricing and opportunities for program optimization.



Impact of Weather-related Events on the Insurance Industry

Storm activity in early 2026 continues to underscore the growing impact of weather-related events on insurer performance, according to [AM Best](#). The two major U.S. winter storms in January and February are expected to produce insured losses estimated at about \$4 billion to \$7 billion for one event alone; these losses may contribute to an above-average first quarter for catastrophe activity. Despite the scale of these events, AM Best notes that the industry is generally positioned to absorb this level of impact, citing improved risk management and underwriting discipline as supporting factors.

The analysis emphasizes that storm-related losses are often shaped by both the geographic footprint of an event and the concentration of insured values. For example, storms affecting areas with higher commercial and residential density can generate greater insured losses, even when those areas are more accustomed to similar weather patterns. How losses are retained at the primary carrier level versus passed to reinsurers also affects how losses are distributed across the market.

Overall, AM Best suggests that, while storm activity can create volatility in quarterly results, enhanced enterprise risk management capabilities and capital positions can help insurers manage these events and support industry resilience even as weather-related exposures remain elevated.



Emerging Severity in Severe Convective Storm Activity

Recent outbreaks across the U.S. have produced large hail, damaging winds, and tornado activity, including record-setting hail events and widespread impacts across major population centers such as Texas, the Midwest, and parts of the Northeast. Our colleagues at Guy Carpenter note that these severe convective storms (SCS) have been occurring more often outside traditionally high-risk areas, expanding the geographic footprint of exposure.

- Larger and more volatile storm systems have been associated with increased loss severity, particularly from hail and wind-related damage.
- Unlike large catastrophe events, SCS losses tend to be more frequent and localized and can create sustained pressure on underwriting results over time.
- As a result, SCS are increasingly being considered in risk selection, pricing, and long-term portfolio management.

March 2026 Severe Thunderstorm Season Starts Off Like a Lion

March 5–7, 2026

The first meaningful multi-state outbreak of the month, multiple **EF-2 and EF-3 tornadoes reported in Oklahoma**. 4.5 inches of hail was reported in Starr County, TX while high wind gusts extended as far east as Pennsylvania.

March 10–12, 2026

A strong late season cyclone produced widespread severe weather in much of the central and eastern United States. A swath of damaging winds extended from Texas to the Carolinas while the **metro regions of Oklahoma City, Kansas City, and Chicago were also impacted by large hail and wind**.

March 13–16, 2026

Another late winterstorm producing blizzard conditions and snowfall in excess of 2 feet in Wisconsin spanned more severe weather across the eastern half of the country. **Ohio** was particularly hard hit where winds more than 70mph generated the **highest number of Ohio power outages in over a decade**.

The cold front swept across the **Eastern U.S. Seaboard** on Monday the 16th, **registering nearly 500 wind reports**, approaching daily high levels of the last several years.

March 6, 2026

A single supercell thunderstorm produced four tornadoes across southwest Michigan, including an EF-3 tornado in Union City, Branch County. This is the **earliest calendar year EF-3 tornado in Michigan history**, and the strongest to hit the state since an F4 struck Kalamazoo, MI in April 1977.

March 10, 2026

Largest Hailstone Recorded East of the Mississippi River

Associated with the same supercell producing an EF-3 tornado in Kankakee, IL, **two hailstones measuring 6.1 inches and 6.7 inches shattered the prior Illinois record of 4.75 inches**, recorded in July 2015. A 6.7-inch hail stone is the **largest ever recorded east of the Mississippi River**.

Another supercell moved across the southern and **western Chicago metro region, producing widespread hail of 2-4 inches** from northeast Will County, southeast DuPage County into far west-central Cook County.



Extreme Weather and the Soft Market

Even as the industry appears able to absorb current storm losses, these events highlight a broader reality: weather-related risk is increasingly evident, though its full impact on pricing may be muted in today's soft market conditions.

According to the Marsh report "[The Silent Signal: How Extreme Weather Can Impact Pricing in a Soft Market](#)," the market is, in part, supported by strong capacity and competition, but underlying weather-driven loss trends continue to evolve and influence pricing. In the near term, factors such as inflation, urbanization, and exposure growth often have a larger effect on pricing than climate alone, though the "climate signal" is beginning to show more clearly in certain segments, particularly property.

The report notes that soft market conditions can obscure the true impact of extreme weather on risk. When capacity is abundant, insurers may be less selective, which can slow the pace at which climate-related exposures are reflected in pricing. This dynamic is cyclical: if the market tightens, assets with higher exposure to weather-related risks may see more pronounced increases in pricing, deductibles, and coverage restrictions.

We encourage clients to view the current environment as a strategic window for strengthening resilience. Investing in risk mitigation, climate analytics, and engineering improvements during a softer market can help preserve long-term insurability and improve carrier positioning. These actions may also support better outcomes if the market hardens and can deliver broader operational and financial benefits, underscoring the value of proactive, forward-looking risk management.

Reframing Property Risk: A New Perspective on Resilience

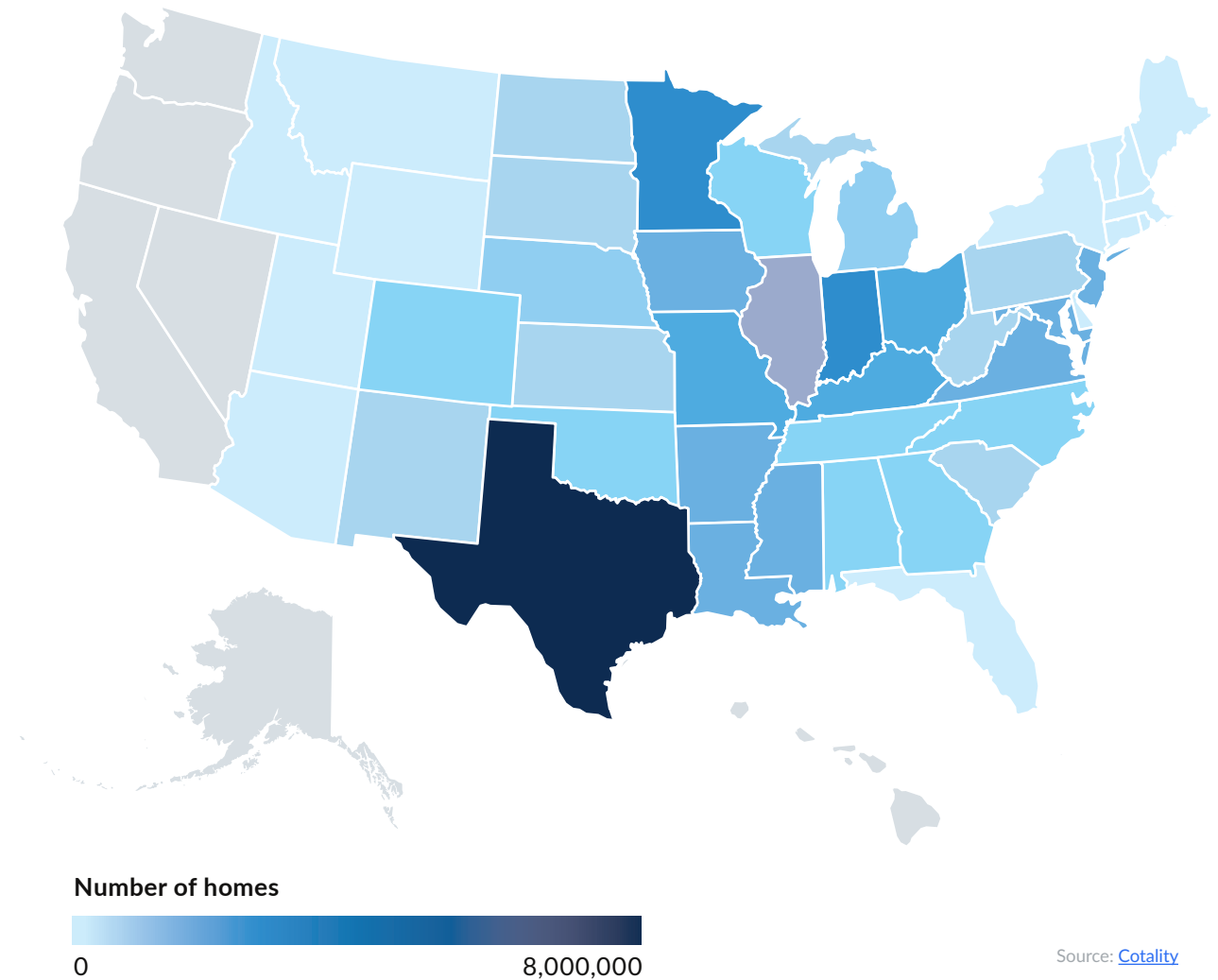
With approximately \$17.84 trillion in property value located in hail-prone regions, severe convective storms (SCS), including hail, tornadoes, and straight-line winds, are an increasingly material consideration in property risk. According to the Cotality 2026 [“Severe Convective Storm Risk Report,”](#) these events are challenging traditional assumptions about frequency, severity, and geographic concentration. Rather than isolated or localized events, SCS activity has been affecting larger portions of the country, including densely populated and highly insured regions.

A key takeaway from the report is the need to rethink how SCS risk is measured and managed. Historically categorized as “secondary perils,” these storms may now produce primary loss-level impacts, a pattern Cotality links to both increased storm intensity and the growing concentration of property values in exposed areas. A single storm system can affect tens of thousands of properties in a concentrated time frame.

This evolving loss pattern supports consideration of moving beyond historical averages toward more granular, forward-looking risk models. From a resilience standpoint, risk is increasingly defined not only by location but also by property-level vulnerability and mitigation readiness. Advances in data, including forensic hail mapping and high-resolution wind modeling, are enabling a more precise understanding of exposure at the structure level, helping insurers and property owners identify where losses are most likely to occur and how to reduce them.

That shift can support more targeted mitigation strategies, from roofing materials and building design to portfolio-level risk selection and capital allocation. Resilience is best approached as a proactive, data-driven strategy rather than a reactive response. As SCS events continue to drive loss volatility, organizations that invest in mitigation, engineering insights, and advanced analytics can be better positioned to manage risk, improve insurability, and stabilize long-term outcomes.

Number of Homes at Moderate or Greater Risk to Hail Damage by State



From Risk Awareness to Action: Advancing Property Resilience

As property risk evolves, the focus is increasingly shifting from understanding exposure to actively managing it. Advances in satellite imagery, artificial intelligence, and real-time data are helping enable more precise risk evaluation, earlier intervention, and faster claims response, while improved forecasting capabilities can enhance preparedness.

As reported by [The Wall Street Journal](#), the National Oceanic and Atmospheric Administration (NOAA) is deploying AI-driven models and cloud-based systems to speed and improve severe weather prediction, which can support industry preparedness.

This shift is increasingly visible at the asset level. In sectors such as multifamily housing, operators are adopting predictive maintenance technologies to identify issues, such as water leaks or equipment failures, before they result in larger losses. According to [Multi-Housing News](#), these tools can help reduce claim frequency and severity and may strengthen underwriting outcomes when paired with demonstrable risk controls.

However, a gap remains between awareness and execution. Research highlighted by [Nationwide](#) indicates that while many organizations recognize severe weather as a key risk, not all are fully leveraging available technologies or implementing comprehensive resilience strategies. Bridging this gap may require a more integrated approach that combines structural improvements, real-time monitoring, and aligned insurance programs to help strengthen long-term insurability.

Flood: Public Sector Investment in Resilience

FEMA has reinstated its Building Resilient Infrastructure and Communities (BRIC) program, making \$1 billion available to support projects that strengthen infrastructure against natural hazards such as floods, hurricanes, and wildfires. The program reflects a broader shift toward proactive mitigation and recognizes that pre-disaster investments can help reduce long-term losses. Some studies estimate that every \$1 spent on preparedness can yield up to \$13 in avoided costs.

The updated program guidelines also place greater responsibility on state and local governments, with an emphasis on large, ready-to-implement infrastructure projects. While this may accelerate funding toward impactful initiatives, it could also create challenges for smaller or less-resourced communities. Overall, FEMA's evolving approach underscores the increasing importance of resilience as both a public and private priority in managing property risk.



Cargo/Inland Marine

Cargo and stock throughput exposures are increasingly shaped by the same dynamics affecting the broader Property market, including supply chain disruptions, geopolitical instability, and evolving loss trends. While capacity remains available in many segments, underwriting attention appears to be intensifying for transit exposures, aggregation risk, and theft—as cargo theft and supply chain vulnerabilities have continued to rise in several regions.

Conditions and Observations

- Cargo market conditions have generally improved, supported by increased capacity and competition.
- Rate reductions have tended to be more moderate than in Property, particularly for single-carrier and less complex placements.
- Larger, more complex Cargo and Stock-throughput programs may see greater reductions, especially when competition is present.
- Geopolitical developments—including conflict involving Iran—have contributed to uncertainty in key shipping regions, such as the Persian Gulf and the Strait of Hormuz.
- Some U.S. carriers have issued notices restricting War coverage in specific territories; coverage may be reapplied for on an individual-shipment basis. As of this writing, the London market has not yet introduced similar broad restrictions and generally maintains continuity of coverage across a wider set of territories.
- Additional capacity is being introduced through a U.S.-backed marine war risk facility led by Chubb, in partnership with the U.S. International Development Finance Corporation (DFC). That facility can provide up to \$40 billion in capacity to support trade across the region, subject to underwriting, eligibility, and compliance requirements.

Note that strikes, riots, civil commotion (SRCC), and terrorism exposures often remain covered under standard cargo policy clauses, though specific war-related restrictions may apply.

Claims Trend: Cargo Theft

Industry estimates indicate cargo theft rose sharply in 2025, with losses increasing about 60% to nearly \$725 million as criminal enterprises shifted from opportunistic physical theft to sophisticated, deception-based “strategic theft” schemes. Strategic cargo theft is reported to have increased by about 1,500% since 2021, with double-broking alone costing the industry \$500 million to \$700 million annually. The number of confirmed incidents rose 18%, and the average theft value jumped 36%, to \$273,990 per incident.

In March 2026, a truck carrying 12 tons of KitKat chocolate bars was stolen while en route from the factory to distribution sites. Food and beverage theft rose 47% in 2025, and technology and computing equipment have also become key targets for organized crime groups.

These trends affect many sectors and underscore the need for shippers, carriers, and brokers to reassess risk management strategies.

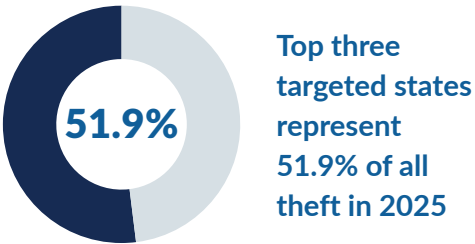
Cargo theft extends beyond logistics and can have financial, operational, reputational, legal, and insurance implications. Direct loss is only part of the impact; indirect costs may include replacement freight, expedited shipping, lost sales revenue, destruction of recovered goods, supply chain redesign, customer compensation, and legal fees.

Marsh McLennan Agency can assist through claims advocacy, coverage-gap identification, risk-management partnerships, and proactive loss-control guidance.

CargoNet's 2025 Supply Chain Risk Trends

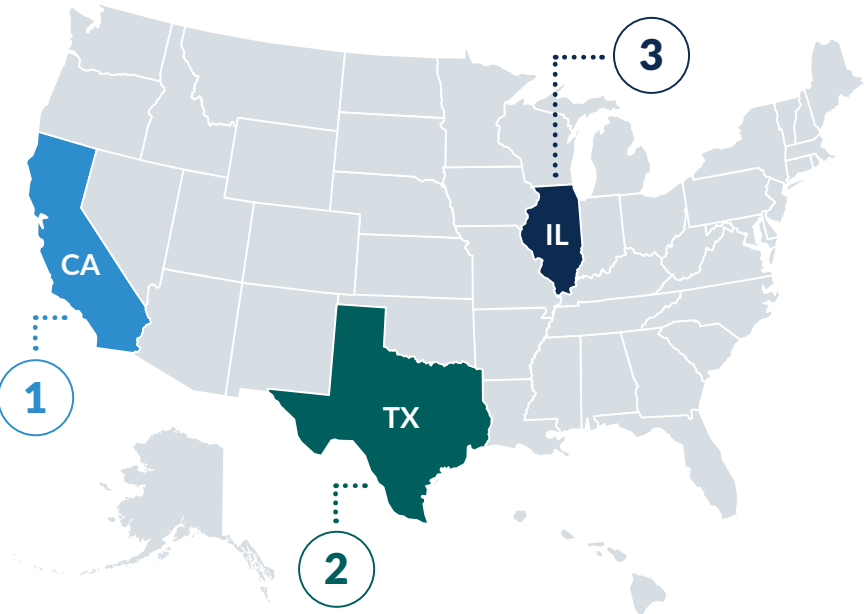
3,594
Theft Incidents Reports

\$724,978,757
Total Loss Value

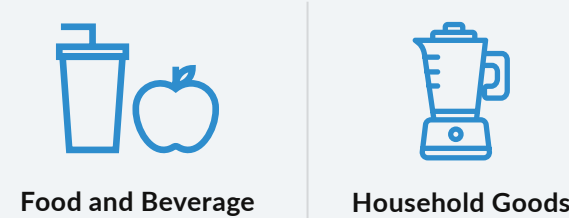


Source: [Verisk CargoNet](#)

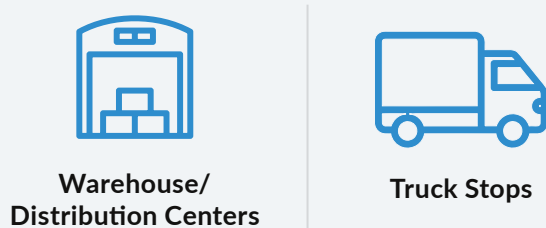
Top Three Targeted States



Top Stolen Commodity Types



Top Targeted Location Types



Two Primary Theft Types

Cargo theft has historically been categorized into two distinct types, but the balance has shifted in recent years.

- **Straight (physical) theft** involves the direct, physical taking of cargo from truck stops, parking lots, ports, depots, or warehouses. These incidents are often opportunistic: a driver leaves a trailer unattended, or thieves target a known high-value shipment at a vulnerable location. Physical theft is addressed through conventional loss control, such as secure parking programs, high-security seals, alarmed locks, team drivers, and security escorts.
- **Strategic theft (theft by deception)** involves obtaining cargo through fraudulent identities, forged documentation, or manipulated freight transactions. Thieves pose as legitimate carriers, brokers, or logistics providers using stolen or purchased motor carrier authorities, spoofed emails, or falsified bills of lading. These schemes are frequently premeditated, often targeting specific high-value loads using route intelligence and sometimes insider knowledge. Strategic theft exploits digital and documentary vulnerabilities in modern supply chains.

Key Strategic Theft Methods

- **Double brokering** is often cited as a common strategic theft method. A criminal uses a stolen or purchased motor carrier identity to win a shipment on a load board or through a broker. The criminal then rebrokers the load to a legitimate carrier and may provide altered delivery instructions mid-transit. The cargo can be diverted to a criminal-controlled location; the criminal may collect payment and disappear, potentially leaving the legitimate carrier with liability and recovery challenges.
- **Account takeover and load diversion** exploit digital vulnerabilities. Phishing attacks can compromise a broker's or dispatcher's email or transportation management system (TMS). Criminals log in using stolen credentials, modify carrier assignments, and send spoofed routing updates to drivers. The cargo can be delivered to a criminal warehouse instead of the intended destination.
- **Fictitious pickup** can be straightforward but effective. Criminals monitor load boards, create fraudulent carrier profiles using stolen MC/DOT numbers, forge bills of lading, and arrive at the shipper's facility before the legitimate carrier. The cargo can disappear within 24-48 hours, and the legitimate carrier may be blamed for non-delivery.

Risk Management Considerations

Effective cargo theft prevention typically requires a multilayered approach that addresses both physical and strategic vulnerabilities. Relying on a single control is unlikely to be sufficient. Instead, organizations should implement complementary controls across carrier management, driver verification, physical security, digital intelligence, cyber-fraud defense, and insurance alignment.

Start with a current-state assessment of your commodity risk, geography, and control gaps, then prioritize quick wins. Carrier vetting, driver verification, and staff training often deliver high impact relative to cost. It is advisable to establish a master service agreement (MSA) with major carriers and brokers; an MSA is a common contractual mechanism that can help enforce vetting standards, limit rebroking, and clarify accountability when cargo is lost.

Cargo theft is increasingly recognized as a strategic business risk with financial, reputational, and legal dimensions. The path forward generally requires a broader approach to cargo risk: physical security measures combined with digital verification, carrier vetting, contractual controls, and cyber-fraud defenses. Insurance programs should be aligned with operational reality, and coverage terms ought to be calibrated to actual exposures. Importantly, cargo risk management should be integrated into broader supply chain resilience efforts, with executive visibility and cross-functional accountability.

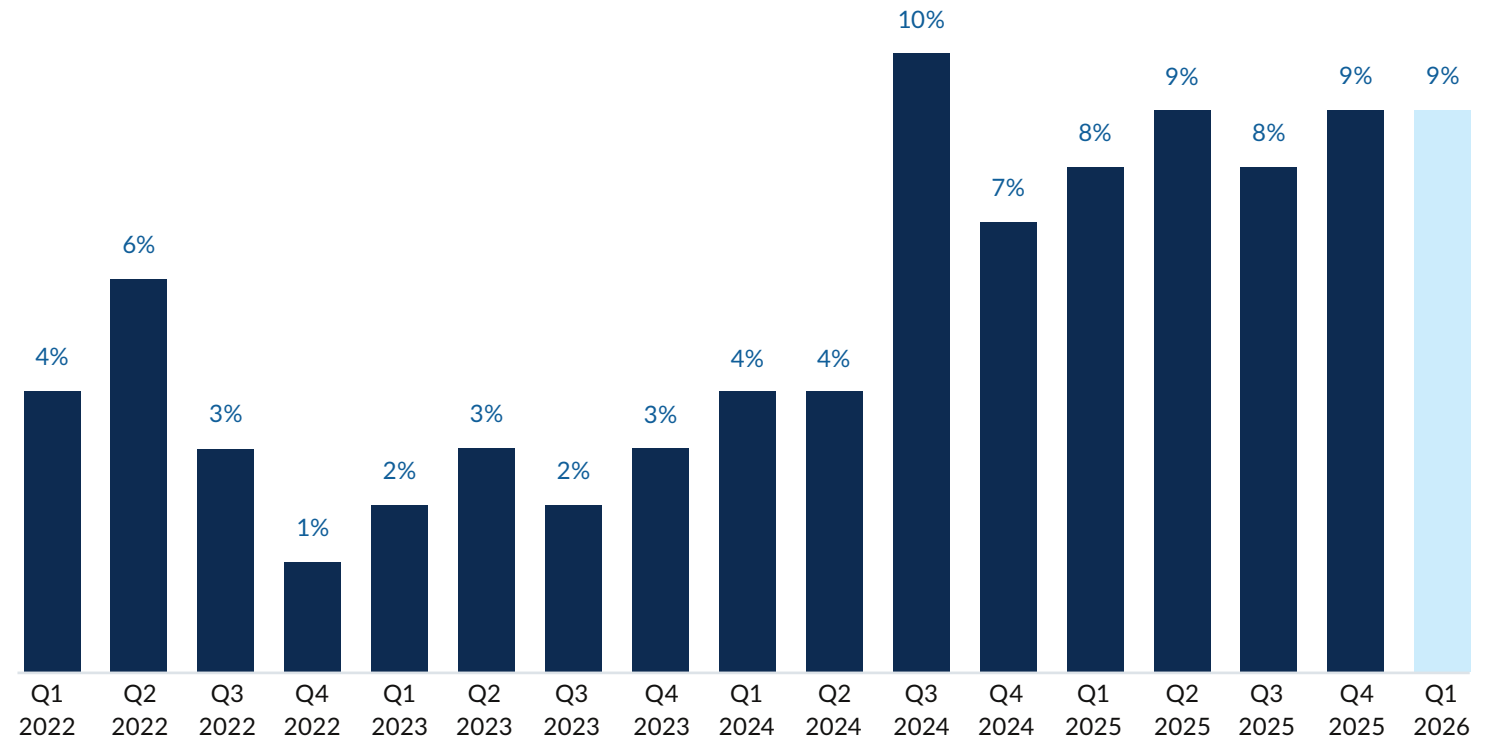
Casualty

General Liability average rates have increased slightly since last quarter, depending on the class of business, risk, and jurisdiction.

Commercial Automobile market increases have slowed but continue to present consistent rate pressure. Overall, the Workers' Compensation market has been a positive outlier, with continued rate decreases.

U.S. Composite Insurance Pricing Change – Casualty

According to the Marsh Q1 2026 U.S. Casualty Insurance Index, overall pricing increases averaged 9%, with no change from the prior quarter's increase. Excluding workers' compensation, the U.S. increase was 12%.



Source: Specialty and Global Placement

Overview

The Casualty insurance market currently presents a mixed picture as we move through 2026. Competition and capacity have increased in several lines—particularly Excess and Umbrella—which has contributed to uneven results. Pricing and underwriting outcomes continue to be closely tied to individual risk characteristics and loss history.

General Liability has generally seen single-digit increases, depending on risk, size, and jurisdiction, while Workers' Compensation has tended to perform more favorably relative to other Casualty lines. Commercial Automobile remains among the more challenged lines, with ongoing rate pressure linked to persistent loss trends.

Excess layers are seeing increased capacity and competition, which can sometimes create opportunities for pricing relief above the lead Umbrella.

Automobile/Fleet

Rate Trends

Rates for Commercial Automobile in Q1 2026 continued to rise at an average rate of approximately 6%.

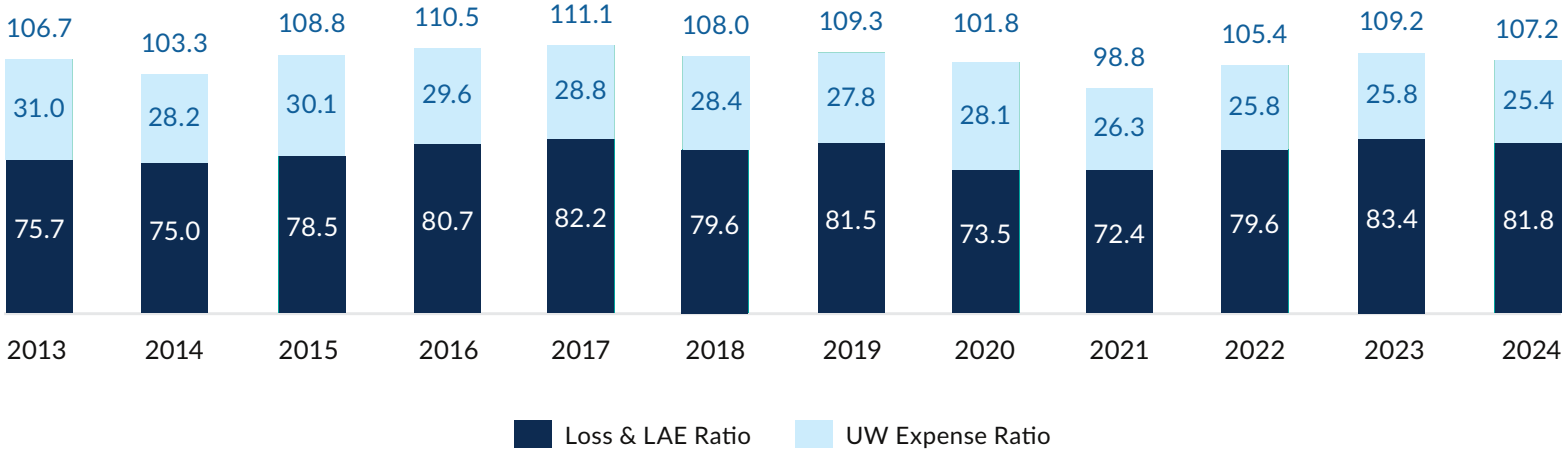
- Small fleets and accounts with favorable loss experience saw lower single-digit increases, while larger fleets, heavy-truck fleets, and accounts with poor loss experience incurred double-digit increases well above the average.

Conditions and Observations

Commercial Automobile has generally underperformed relative to many other Casualty lines, contributing to ongoing rate pressure.

- Insurers continue to face headwinds from unfavorable loss trends, ongoing nuclear-verdict activity, and adverse development on prior-year claims. Despite continued rate increases, achieving sustained profitability remains challenging. AM Best reports that Commercial Automobile has consistently produced combined ratios above 100% over the last decade.

U.S. Commercial Auto — Net Underwriting Ratios



Source: AM Best

General Liability

Rate Trends

Rate increases in Q1 2026 averaged **4% or more**. Certain classes of risk, including high-hazard premises and products liability, experienced significantly higher rate increases, as did accounts with poor loss experience.

Conditions and Observations

- Some carriers are showing flexibility on well-performing risks, while higher-hazard classes continue to experience upward pricing pressure.
- Loss history remains a key differentiator in pricing outcomes.
- A number of insurers are looking to expand appetite across GL classes, and strong carrier relationships can support more effective renewal engagement and communication on behalf of clients.
- Attachment structures for many GL programs have largely stabilized.

Umbrella/Excess

Rate Trends

Overall, rates are moderating with increases averaging **8% to 13%** in Q1 2026, with some accounts seeing reductions depending on risk, while high-hazard and heavy-fleet risks continued to trend upward.

Conditions and Observations

- Competition continues to increase, driven by new and returning capacity, particularly for well-structured risks.
- Some regions are experiencing capacity constraints that may require multiple carriers to complete a tower.
- Pricing relief has often been most apparent above the lead Umbrella layer (e.g., \$25 million, \$50 million+).
- Working layers remain more stable, with less movement compared to higher layers.
- Heavily automobile-driven and habitational risks remain more challenging.
 - For example, the New York habitational Umbrella market has less capacity and notable premium increases.
- Placement timelines have generally improved, with less hesitation from markets.
- Risk, quality, and loss experience continue to be critical to achieving favorable outcomes.



Litigation Dynamics and Claims Severity Remain Key Casualty Drivers

Even as market conditions show signs of stabilizing, claims activity remains an important factor in shaping casualty outcomes. Many insurers are focused on managing severity, reserving trends, and the long-term effect of large losses, particularly in liability-driven lines where outcomes can extend beyond initial underwriting assumptions. These factors have influenced capacity deployment, underwriting discipline, and program structure in various segments of the market.

According to AM Best's "[2026 U.S. Commercial Lines Outlook](#)," Casualty claims severity remains elevated, driven by multiple factors including social inflation, aggressive litigation strategies, and broader economic pressures.

- The plaintiffs' bar continues to employ aggressive litigation tactics, such as "anchoring" and "reptilian strategies" that can influence juries and have been associated with larger verdicts.
- Third-party litigation funding is contributing to longer claim settlement timelines and increased claim severity, particularly in mass tort and complex liability cases.
- These dynamics have been associated with observed increases in nuclear-verdict activity, which are often large enough to pierce primary limits and trigger Excess and Umbrella coverage layers.
- High-severity claims have been most apparent in automobile liability, product liability, and serious personal injury cases, where, in many instances, jury awards and settlements have risen.
- Commercial Automobile insurers have continued to report rising claim frequency and severity, linked to factors such as higher repair costs, driver shortages, distracted driving, and verdict inflation.
- Emerging and latent liability exposures—tied to new technologies, environmental risks, and evolving legal theories—can create added uncertainty and the potential for adverse claim development.
- Broader economic pressures, including inflation in labor, materials, and supply chains, are further contributing to rising claim costs and settlement values across Liability lines.

Early Signs of the Impact of Tort Reform Legislation

As litigation pressures continue to influence casualty outcomes, several states have implemented legal reforms intended to address claim severity and limit excessive litigation costs. Early results from these efforts are starting to provide insight into how these legal changes may affect claims activity and overall market conditions.

- In 2023, Florida significantly overhauled the state's legal landscape to curb litigation costs and insurance premiums. Key changes included shortening certain statutes of limitation to two years, adopting modified comparative negligence (51% bar), eliminating one-way attorney fees, and limiting "bad faith" lawsuits against insurers.
- According to a 2026 Perryman Group report, "[The Economic Benefits of Effects of Tort Reform on Property and Casualty Insurance Rates in the State of Florida](#)," the reforms are estimated to have contributed to an approximate 14.5% reduction in Property and Casualty insurance costs relative to pre-reform levels, reflecting improved claims and litigation dynamics.
 - Legislative changes—including a shift to modified comparative negligence, a reduction of certain statutes of limitation from four years to two years, and limits on attorney-fee recoveries—were intended to reduce excessive litigation and improve predictability of liability outcomes.
 - Reforms targeting litigation incentives, such as eliminating one-way attorney fees and restricting assignment of benefits, have contributed to a 25% decline in the number of lawsuits against Property insurers in the first half of 2025 versus the prior year.
 - Monthly litigation filings have declined to roughly 4,000 in November 2024 from about 8,000 per month in early 2023, which indicates a meaningful reduction in claim-related legal activity.

Early Signs of the Impact of Tort Reform Legislation (cont.)

- Reduced litigation frequency and severity appear to be supporting improved underwriting conditions and increased market participation, with insurers reentering the Florida market and expanding available capacity.
- By moderating excessive tort costs, the reforms could reduce claim severity and limit large liability awards over time, supporting more sustainable loss trends across casualty lines.
- Broader economic effects tied to these reforms include an estimated \$4.2 billion increase in annual gross product and approximately 29,370 jobs, reflecting the downstream effects of reduced litigation and insurance costs.

The Annual Economic Benefits of Recent Florida Tort Reforms and The Related Effect on Insurance Costs			
Total Expenditures (Billions of 2025 Dollars)	Gross Product (Billions of 2025 Dollars)	Personal Income (Billions of 2025 Dollars)	Employment (Jobs)
\$8.856	\$4.219	\$2.200	29,369

Note: Based on estimated anticipated cost savings associated with recent reforms derived by simulating the difference in aggregate costs between (1) actual expected patterns and (2) the level that would likely have been observed based on prior patterns (before major reforms were enacted) and The Perryman Group’s estimates of related multiplier effects. Direct savings are allocated across more than 500 industrial sectors based on the incidence of property and casualty insurance costs. Additional definitions of terms and explanation of methods and assumptions may be found elsewhere in this report and in Appendix A. Results by industry are included in Appendix B.

Source: [US Multi-Regional Impact Assessment System, The Perryman Group](#)

- The full impact on liability claims and loss development is still unfolding and will continue to emerge over time as reforms further influence litigation behavior and claims outcomes.

- Additionally, according to the [Triple-I](#), recent tort reform measures in Louisiana are showing early signs of affecting the state’s Automobile insurance market, particularly where litigation frequency and bodily injury claims had been historically high. While outcomes remain preliminary, initial trends suggest legal changes intended to reduce excessive lawsuits and improve claim transparency are beginning to influence claim activity and insurer behavior.
 - Reduction in litigation-driven claim pressure: Louisiana has historically had bodily injury claim frequency more than twice the national average, with litigation rates among the highest in the country—the key driver of elevated automobile claim costs.
 - Early signs of declining claim frequency: Reforms aimed at curbing excessive lawsuits appear associated with lower accident and claim frequency, supporting improved loss trends.
 - Improved loss environment supporting rate reductions: Several major insurers have filed for rate decreases covering hundreds of thousands to over one million policies, reflecting early improvements in claims experience.
 - Addressing systemic litigation costs: Louisiana’s prior legal environment has been estimated to create an annual “tort tax” on the order of \$965 per resident, underscoring litigation’s broader economic impact.
 - Legal reforms targeting drivers of claim severity: Changes such as allowing juries to consider actual medical costs paid (versus billed) and modifications to comparative-fault rules are intended to reduce inflated claim valuations and improve outcome consistency.
 - Encouraging more disciplined claims outcomes: Reforms that require clearer evidence linking injuries to accidents and limit recovery in certain cases (e.g., uninsured drivers) are expected to help reduce questionable or inflated injury claims over time.

Litigation and Liability Costs

Liability remains one of the most challenged areas of the market, driven largely by rising litigation costs and increasing claim severity. In his [2025 letter to shareholders](#), Chubb Group Chairman and CEO Evan Greenberg described legal-system abuse as “a tax on all Americans,” reflecting concerns about the growing effects of excessive litigation, third-party funding, and nuclear verdicts on the cost of risk. Greenberg highlighted that liability costs are rising significantly faster than inflation, which is putting upward pressure on pricing and affordability in parts of the market. As a result, many insurers are maintaining disciplined underwriting, seeking rate adequacy, and being more selective in higher-risk segments, where loss trends outpace pricing.



The Council and Tort Reform

Structural drivers of loss severity—particularly third-party litigation funding (TPLF), where outside investors finance lawsuits in exchange for a portion of recoveries—are receiving increased scrutiny. Industry data from [Ernst & Young](#) shows insurers are spending more than \$23 billion annually on defense and cost containment, and indemnity costs per claim have continued to rise. Limited transparency around TPLF arrangements further complicates underwriting and pricing, and can make risk assessment more difficult in some cases.

The [Council of Insurance Agents & Brokers](#) continues to advocate tort-reform measures intended to improve market stability and insurance affordability, with a focus on increasing transparency in litigation funding. The Council has expressed support for federal initiatives such as the *Litigation Transparency Act of 2025* and the *Tackling Predatory Litigation Funding Act*, which would, if enacted, require disclosure of funding arrangements and address tax structures that may incentivize increased litigation activity.

In addition to federal efforts, The Council is actively engaged at the state level and with industry coalitions to raise awareness of legal-system dynamics and their potential impacts on insurance markets. These efforts focus on improving visibility into litigation practices, supporting targeted reforms, and equipping stakeholders with data to better understand cost drivers.

While the path to reform remains uncertain—given varying state-level dynamics and stakeholder opposition—increased emphasis on transparency and accountability is likely to influence future loss trends. Over time, these efforts could help moderate litigation-driven cost pressures and support a more stable, sustainable liability environment for insurers and policyholders alike.

Workers' Compensation

Rate Trends

Average rates in Q1 2026 **decreased by 1%**.

Conditions and Observations

- The market has generally remained stable and competitive, supported by comparatively strong underwriting performance.
- Some restrictions persist for particular classes of business, including temporary staffing, construction, and transportation.
- Even with generally favorable pricing, insurers continue to emphasize **loss prevention and risk management** as drivers of long-term performance.
 - According to [Marsh](#), organizations that adopt proactive safety strategies—rather than solely reactive, compliance-based programs—tend to be better positioned to reduce claim frequency and control costs.
 - Progressing along the safety-maturity curve (from reactive to proactive and ultimately generative programs) is increasingly viewed as a differentiator in underwriting outcomes and overall program performance.
 - Data-driven insights and benchmarking are playing larger roles in identifying loss drivers and prioritizing risk improvement efforts.
 - Employee engagement and safety culture remain important; organizations that actively manage workforce behavior and risk awareness generally achieve better outcomes.
 - Early intervention and effective claims management continue to be key to reducing claim severity, duration, and total cost of risk.
 - As a result, insurers are increasingly considering demonstrated safety practices and operational controls when evaluating risks, even in a favorable rate environment.



Market Updates by Industry

Aviation



The Aviation insurance market entering 2026 reflects a more segmented landscape, with differing conditions across the Airline and General Aviation sectors.

While capacity remains strong in many areas, significant loss activity in the airline segment during 2025 has introduced renewed pressure on rates and underwriting discipline.

Insurers and reinsurers are recalibrating portfolios following a year in which losses outpaced premiums in key areas. At the same time, new market entrants and excess capacity in General Aviation continue to support competitive conditions. The result is a dynamic market where outcomes vary by sector, exposure, and loss history.

Airline Sector: Loss-Driven Adjustments

The Airline segment experienced a challenging year in 2025, with multiple large-scale losses across hull and liability lines. Industry loss activity well exceeded premium intake, prompting meaningful rate increases during the fourth-quarter renewal season, when many airline programs renew.

Capacity has also tightened selectively. Some markets have reduced participation or declined to deploy capacity on certain airline risks, contributing to more complex renewal negotiations. While capacity remains available, placements require more strategic structuring and engagement with underwriting partners.

General Aviation: Competitive but Pressured

In contrast, the General Aviation sector remains broadly competitive. New entrants and existing insurers are actively seeking to grow or retain market share, creating a favorable environment for buyers despite underlying cost pressures.

While not fully a soft market, conditions remain competitive due to excess capacity. Most insurers are targeting stable rates, although modest increases may apply to accounts with adverse loss experience.

At the same time, rising costs, particularly in aircraft repair and liability, are introducing pressure across the segment. Increased parts and labor expenses, combined with supply chain delays and extended repair timelines, are driving higher claim severity. Repair facilities remain constrained, leading to longer turnaround times and increased operational disruption for insureds.

New entrants to the insurance industry are also reshaping the competitive landscape. Without legacy systems, these insurance carriers can often deliver faster service, enhanced data capabilities, and more efficient underwriting processes. This is raising expectations across the marketplace and further intensifying competition.

Claims Activity: Severity & Emerging Risks

Claims activity continues to be a central driver of market behavior. Large airline losses in 2025, including a midair collision near Washington, D.C., a hard landing and aircraft overturn in Toronto, and a cargo aircraft accident in Louisville, have materially impacted insurer performance and will influence pricing and reserves well into 2026. Recent accidents have further reinforced these pressures, including the crash of a Bombardier Challenger 650 on takeoff from Bangor International Airport in January 2026, resulting in six fatalities, and a March 2026 collision involving a Bombardier CRJ-900LR (Air Canada) and an airport vehicle at LaGuardia Airport, which led to pilot fatalities and serious injuries. Numerous General Aviation events resulting in multiple fatalities, along with Airline ground handling and routine hull losses, have occurred in early 2026. All are impacting the claims-to-premium volume views within the primary and reinsurance marketplace.*

At the same time, geopolitical instability is introducing additional complexity to the Commercial Aviation risk landscape. Ongoing tensions in regions such as Iran have led to widespread airspace restrictions, with carriers actively rerouting to avoid hostile areas. The War Risk insurance market is closely monitoring these developments, adjusting underwriting requirements, pricing structures, and coverage terms in response to heightened uncertainty. Global instability is expected to directly affect the cost and availability of War Hull and War Liability coverage.

Beyond catastrophic events, liability exposures are evolving in new ways. Increased passenger disturbances and in-flight incidents, often amplified by social media, are contributing to a rise in liability claims. While video evidence can help clarify events, it can also influence perceptions and legal outcomes depending on how incidents are presented.

Additionally, severe weather patterns are contributing to increased physical damage losses. Greater concentrations of aircraft in storm-prone regions, combined with expanding geographic impact zones, are elevating exposure to hail, wind, and other weather-related events.

As a result, insurers are maintaining a firm underwriting posture and preparing the market for positive rate development in 2026.

Operational Pressures

Operational challenges continue to shape risk profiles across the Aviation sector. Pilot training capacity remains constrained, with delays in securing training slots still affecting operators. While the market is beginning to adapt, with some flexibility introduced in certain training requirements, this remains a focus for underwriters.

*Sources: [NTSB](#), [NPR](#), [Aviation International News](#), [Reuters](#)

Looking Ahead

The Aviation insurance market in 2026 will continue to reflect a balance between competing forces. In the Airline sector, loss-driven adjustments and reserving concerns are expected to sustain upward pressure on rates and tighter underwriting conditions. In General Aviation, excess capacity and competitive dynamics should persist, even as cost pressures continue.

Across all segments, insurers remain focused on performance, data-driven decision-making, and risk differentiation. As claims continue to evolve and external pressures intensify, collaboration among insureds, brokers, and carriers will be critical to navigating this increasingly complex environment.

McGriff Aviation works closely with clients to navigate risk and structure insurance placements in an increasingly complex and evolving environment.

Construction



The Construction insurance market in 2026 reflects mixed conditions across lines of business.

While Property results have improved, especially for risks that are not heavily exposed to catastrophe-prone regions, Liability lines remain challenging, with rate increases continuing and little material improvement in the overall environment. The result is a balancing act across portfolios, where favorable Property conditions are offset by ongoing Casualty concerns.

At a macro level, construction activity is being shaped by evolving project demand. Data centers have become a dominant force, driving significant capital deployment, labor demand, and overall capacity. Infrastructure and civil construction remain active, while other segments show greater variability by region and economic conditions.

Continued Pressure Across Liability Lines

Casualty lines remain the most challenging segment in the construction market. General Liability is largely stable but continues to trend upward, while Commercial Auto and Excess Liability remain key areas of concern.

Commercial Auto

Commercial Auto continues to be a significant driver of loss activity, with rising claim severity fueled by distracted driving, litigation trends, and social inflation. Contractors are actively reassessing fleet exposure, with some reducing their company-owned vehicle fleets to control costs, though this introduces its own risks.

Excess Liability

Excess Liability also remains under pressure. Lead positions continue to be difficult to secure, with carriers deploying smaller limits. Building excess towers requires more participants to complete and frequently features quota-shared layers.

Commercial Property & Builder's Risk

The property market has shown meaningful improvement, with increased competition and more favorable terms emerging in many areas. Builder's Risk is also stabilizing, though underwriting discipline remains in place, particularly with catastrophe perils such as wind and flood.

Carriers are cautiously deploying capacity, often utilizing quota-share structures for larger projects. For projects exceeding \$100 million in value, it is increasingly common to see two or three carriers participating to complete limits, where a single carrier may have handled the full placement in prior years.

Despite improvements, catastrophe limits remain a key underwriting focus. Flood continues to be treated conservatively, and convective storm activity, including hail and severe winds, remains a concern due to its frequency and geographic spread.

Deductible buy-down markets for wind and flood exposures have improved, offering more competitive pricing and terms. Additionally, segments such as wood-frame construction, which previously faced significant constraints, are seeing increased capacity and improved conditions.

Workers' Compensation

Workers' Compensation remains a bright spot in the construction market. The line continues to perform well, with strong profitability and stable or flat pricing across most accounts.

Contractor's Equipment

Contractor's Equipment has improved significantly and is in one of its strongest positions in recent years. While capacity is available and rates are stabilizing or decreasing, theft remains a concern, particularly on active job sites where equipment tracking and recovery can be challenging.

Professional & Pollution Liability

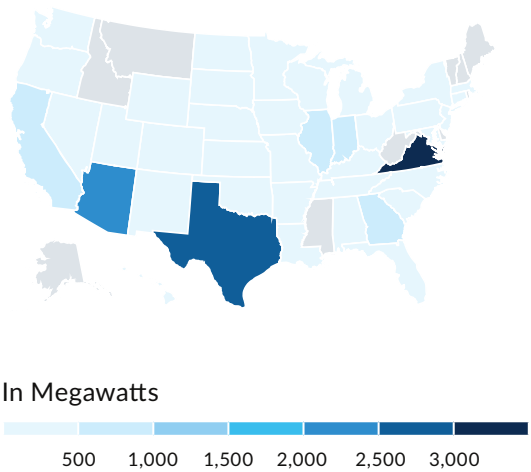
Professional and Pollution Liability are also performing well, with stable-to-improving conditions and, in some cases, modest rate reductions. However, evolving project delivery methods, such as design-build and integrated project delivery, are introducing greater design responsibility for contractors. This has led to an increase in rectification-type claims, in which design issues are identified and addressed before they escalate into larger losses.

Emerging Trends

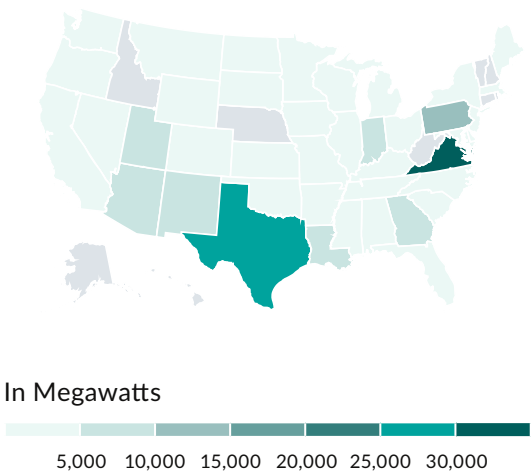
Construction activity continues to be shaped by large-scale, capital-intensive projects, most notably data centers. These projects are dominating construction starts and require significant labor, materials, and specialized expertise. According to Reuters, plans for just over 150 gigawatts (GW) of new data center power capacity have been filed nationwide, with 24 states planning or building at least 1 GW of new capacity. "Given that total current U.S. data center capacity is just under 15 GW and that only three states – Virginia, Texas, and Arizona – have more than 2 GW in current operation, the planned capacity building boom is potentially transformational," according to the article.

Current & Planned Data Center Capacity Across Key U.S. States

Current U.S. Data Center Capacity by State



Planned U.S. Data Center Capacity by State

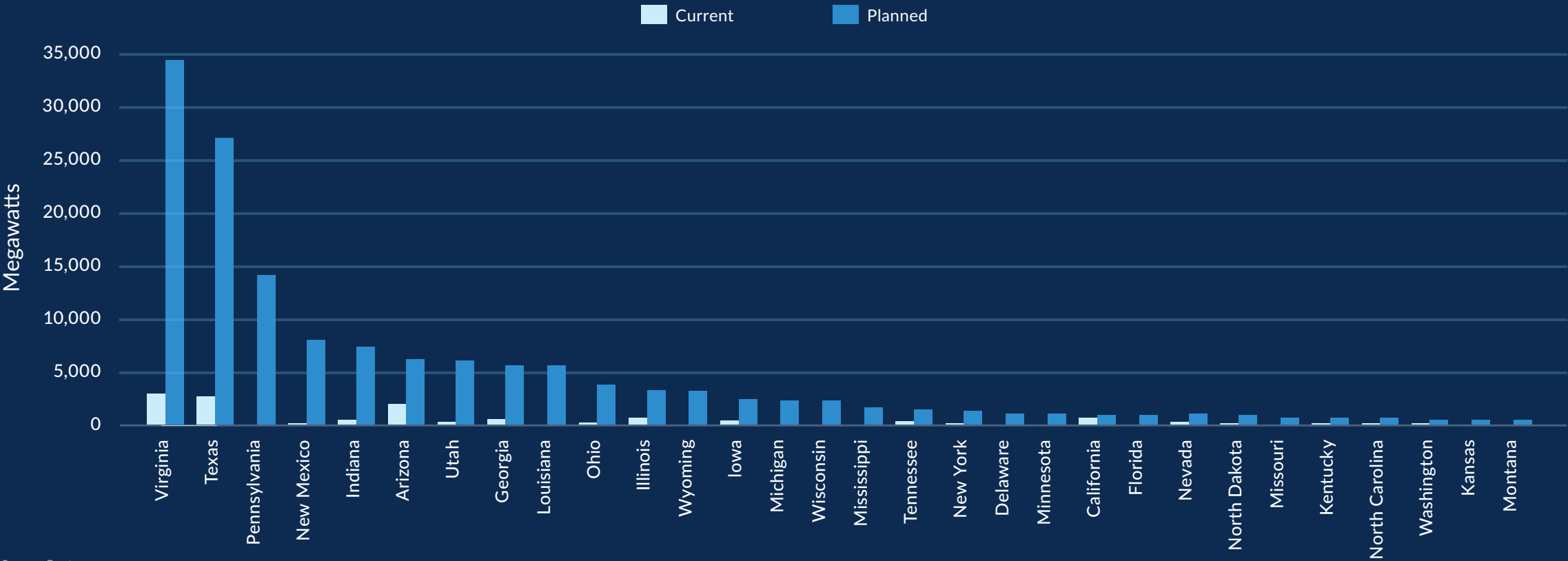


Note: Data based on official filings; other announced plans may still be filed.
Source: Reuters

150
Gigawatts

Plans for just over 150 gigawatts (GW) of new data center power capacity have been filed nationwide, with 24 states planning or building at least 1 GW of new capacity.

The Top 30 U.S. States For Current & Planned Data Center Capacity



Source: Reuters

The scale and complexity of these projects are creating new pressures across the industry. Contractors are raising concerns about labor availability, particularly within skilled trades such as electrical, mechanical, and plumbing. As demand for these projects grows, there is increasing concern that labor constraints could impact other types of construction, including schools, hospitals, and commercial developments.

At the same time, material costs continue to rise. While supply chain availability has improved compared to prior years, pricing volatility remains a concern. Contractors are generally able to source materials but at higher costs, contributing to overall project inflation. Projects that were once valued at \$25 million are now commonly reaching \$35 million or more due to increased input costs.

Surety

The Surety market remains well capitalized and highly competitive, with ample capacity and continued interest from new entrants. Over the past several years, a significant number of new players have entered the space, reinforcing its position as a profitable segment within the broader insurance market.

However, while capacity remains strong, underwriting is becoming more disciplined as projects grow larger, more technical, and more complex. Data centers, infrastructure, healthcare, and energy projects are driving much of this growth, with contractors taking on work that is unprecedented in size and scope. In many cases, these projects represent the largest jobs contractors have ever undertaken, introducing additional uncertainty for underwriters.

A Focus on Financial Strength

A key focus for sureties is financial strength and liquidity. Inflation, labor pressures, and rising project costs have stretched contractor balance sheets, even as revenues increase. This imbalance is creating challenges as contractors require greater bonding capacity but often lack the financial strength to support it. As a result, underwriters are placing increased emphasis on access to capital, internal financial controls, and long-term stability.

There is also a notable shift toward more frequent and active underwriting. Carriers are no longer relying solely on annual financial statements and instead are requesting quarterly updates to monitor performance, work in hand, and overall financial condition. This “interim underwriting” approach reflects a heightened need for visibility as projects extend over multiple years and economic conditions remain uncertain.

Private Equity and Construction

Private equity involvement in construction is becoming more prevalent, particularly within subcontractor trades such as mechanical, electrical, and roofing. While this introduces additional capital into the market, it can complicate underwriting. Transactions often alter balance sheets by increasing leverage and reducing equity while also limiting personal indemnity. Underwriters must evaluate not only the contractor but also the private equity sponsor—its investment horizon, capital commitment, and long-term intentions. This is critical to understand, particularly in the data center space. These projects contain large electrical and mechanical packages. If a subcontractor is acquired during the construction of one of these mega projects, the subcontractor’s ability to perform could be severely affected financially, placing the project in jeopardy.

Loss Trends

While claim frequency has not materially increased, severity has become a growing concern. When losses occur, they tend to be larger and more impactful, often involving co-surety placements where multiple sureties share exposure. These high-severity losses are influencing reinsurance markets, which leads to higher attachment points and requires primary Sureties to retain more risk.

Reinsurer scrutiny is increasing as a result. Sureties are being asked to evaluate their portfolios more carefully, apply greater underwriting discipline, and assume a larger share of retained risk. This dynamic is contributing to a more measured and selective underwriting approach across the surety market.

On a positive note, contractors are better positioned today to manage cost uncertainty through contractual protections such as escalation clauses. These provisions allow contractors to adjust for rising material costs, inflation, and other unforeseen expenses, helping to mitigate some of the financial strain associated with long-term projects.

Despite these evolving pressures, the market remains stable overall. Established contractors with a strong financial position, proven track record, and disciplined project management continue to perform well and maintain access to ample capacity. Nevertheless, underwriting is more active, more detailed, and more continuous than in prior years, reflecting the increased complexity of today’s construction environment.

Cyber

The Cyber insurance market enters 2026 in a stable but evolving position.

Pricing remains favorable for buyers in most sectors, supported by strong capacity and improved underwriting discipline over the past several years. However, underlying loss drivers, including ransomware, privacy litigation, and systemic risk, continue to shape a more cautious underwriting environment.

At the same time, cyber risk is becoming more complex and interconnected. Threat activity is increasing in both frequency and sophistication, driven by organized cybercriminal groups, expanded attack surfaces, and the growing use of artificial intelligence. While market conditions remain competitive, insurers are placing greater emphasis on risk controls, incident preparedness, and clear visibility into insureds' cyber hygiene.

Market Conditions

The Cyber insurance market continues to offer stable pricing with ample capacity. Heading through 2026, renewal trends are generally flat, with modest upward pressure for higher-risk classes or accounts with loss activity.

Underwriters are increasingly focused on risk quality and controls, with more detailed underwriting concerning endpoint detection, multi-factor authentication (MFA), backup protocols, and incident response planning. Well-prepared insureds with strong controls continue to benefit from competitive pricing and broader terms, while weaker profiles face greater scrutiny and, in some cases, more restricted options.

Ransomware

Ransomware and cyber extortion continue to be the primary drivers of loss activity, but the nature of attacks is evolving. Threat actors are increasingly shifting away from traditional encryption-based attacks toward data exfiltration-focused incidents, where the objective is the theft of sensitive information rather than system disruption. According to At-Bay, these "pure extraction" attacks surged by more than 450% between the third and fourth quarters of 2025, reflecting a growing preference among threat groups to operate more quietly and avoid detection.

450%

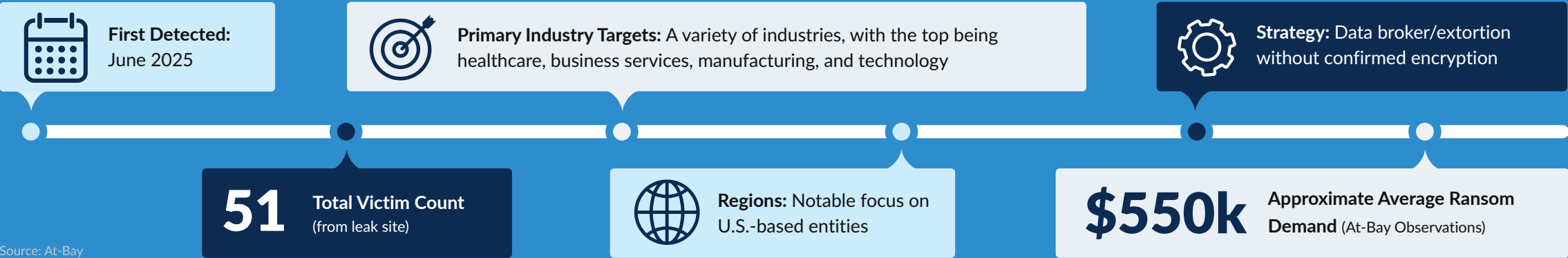
Surge on "pure extraction" attacks between the third and fourth quarters of 2025.*

*Source: At-Bay

This shift aligns with broader trends observed across the market. Rather than “locking systems,” attackers are focusing on stealing data and applying pressure through direct communication with victims, including outreach to employees and executives. Emerging groups are leveraging these tactics to accelerate response timelines and increase the likelihood of payment before organizations can fully assess the scope of an incident.

For example, one group, PEAR (Pure Extraction and Ransomware), successfully exfiltrated terabytes of sensitive data, according to At-Bay analysis:

PEAR Group Facts & Key Stats



From an insurance perspective, this evolution is significant. While encryption-based attacks often trigger immediate operational disruption, data exfiltration events introduce more complex exposures tied to privacy liability, regulatory response, and reputational harm. As a result, underwriting is increasingly focused not only on ransomware controls but also on data governance, access management, and an organization’s ability to detect and respond to unauthorized data movement.

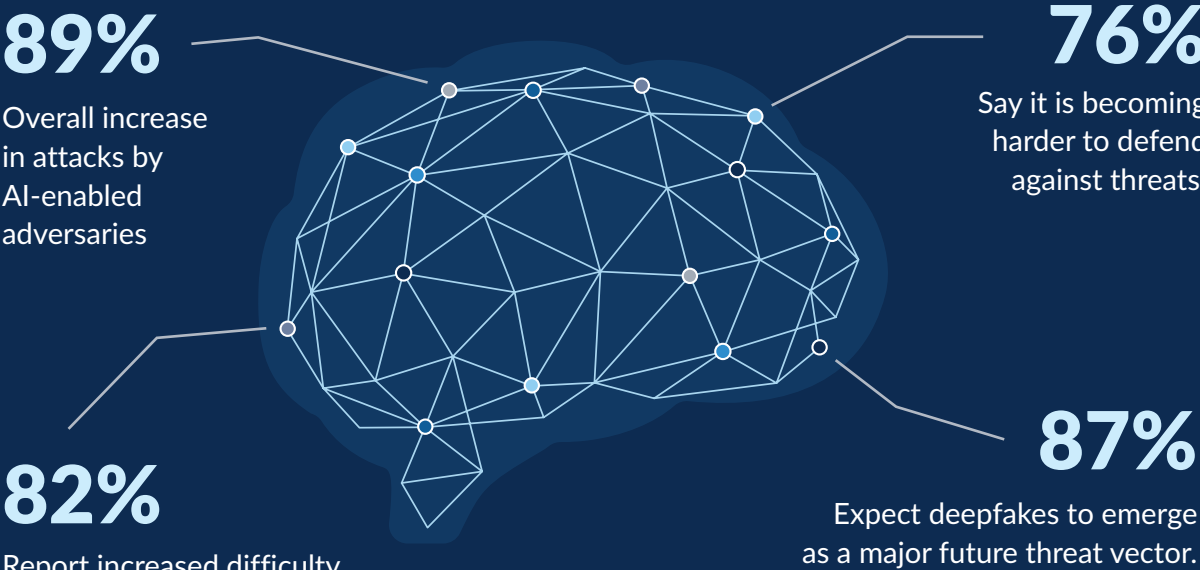
Privacy & Litigation Trends

Privacy-related litigation continues to expand as a key area of exposure, and underwriting scrutiny remains ongoing. Claims related to data collection practices, tracking technologies, and consent mechanisms are increasing, often without a traditional breach.

This shift is creating long-tail exposure for insurers, as litigation can develop years after the initial activity. As regulatory frameworks evolve across jurisdictions, organizations face growing compliance complexity and heightened legal risk, particularly in industries with significant consumer data interaction.

AI Threats

According to CrowdStrike, 76% of organizations say it is becoming harder to defend against threats as attackers leverage AI to adapt and evade detection, while AI-driven social engineering is significantly increasing effectiveness. AI-generated phishing and impersonation tactics are more convincing and harder to detect—even for trained employees—with 82% of organizations reporting increased difficulty in identifying these attacks and 87% expecting deepfakes to become a major future threat vector.



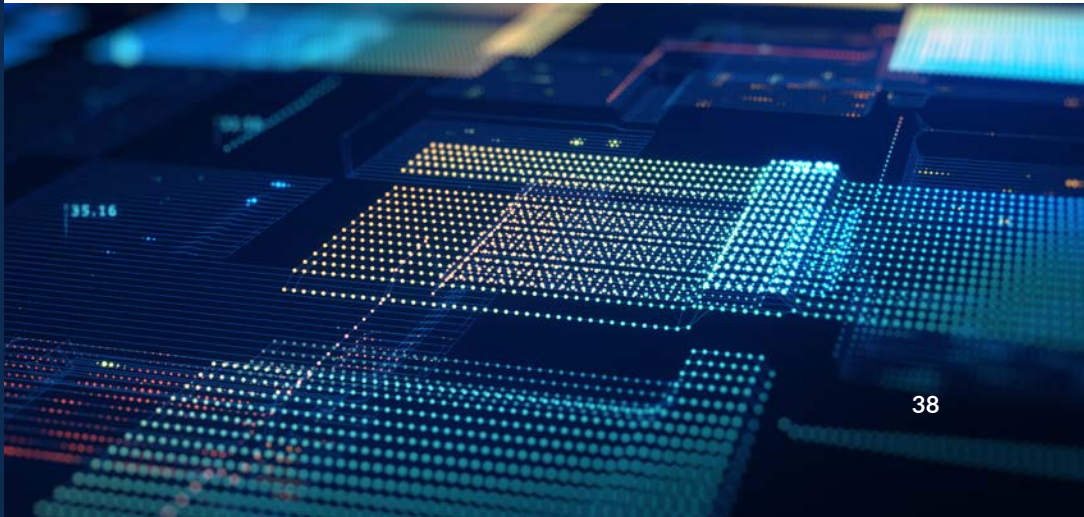
Top Sectors		Top Seniority Groups	
Healthcare	89%	C-Level Executives	90%
Financial Services	88%	Senior Management	86%
Public Sector	83%	Mid-Level Management	88%

Source: CrowdStrike

Emerging Regulation

At the same time, regulatory momentum is building. The White House 2026 National AI Legislative Framework outlines a proposed federal approach to artificial intelligence that prioritizes innovation, national competitiveness, and a unified regulatory structure. The framework calls on Congress to establish a single national standard that would preempt many state-level AI laws, avoiding a fragmented regulatory environment while promoting AI development through limited regulation, the use of existing agencies, and industry-led standards. It also highlights key policy areas, including child safety, intellectual property, free speech, workforce development, and national security, and addresses risks such as fraud and misuse while maintaining a generally “light-touch” approach to oversight that encourages continued growth of the U.S. AI sector.

Organizations will need to balance innovation with oversight, ensuring that AI deployment aligns with evolving regulatory expectations while managing new cyber and operational risks.



Geopolitical Considerations

Recent geopolitical developments in the Middle East have introduced an additional layer of uncertainty to the cyber risk landscape. Heightened cyber activity has been observed alongside ongoing events, with increased targeting of critical sectors and broader spillover risk across global networks.

From an insurance perspective, it is important to approach these developments with caution. The situation is dynamic, and it is premature to draw definitive conclusions about coverage implications. Organizations should focus on preparedness, including strengthening monitoring, patching vulnerabilities, and reviewing incident response protocols, while carefully evaluating policy language in the context of actual events rather than hypothetical scenarios.

Coverage & Terms

Cyber coverage remains broad, but key areas of focus continue to evolve:

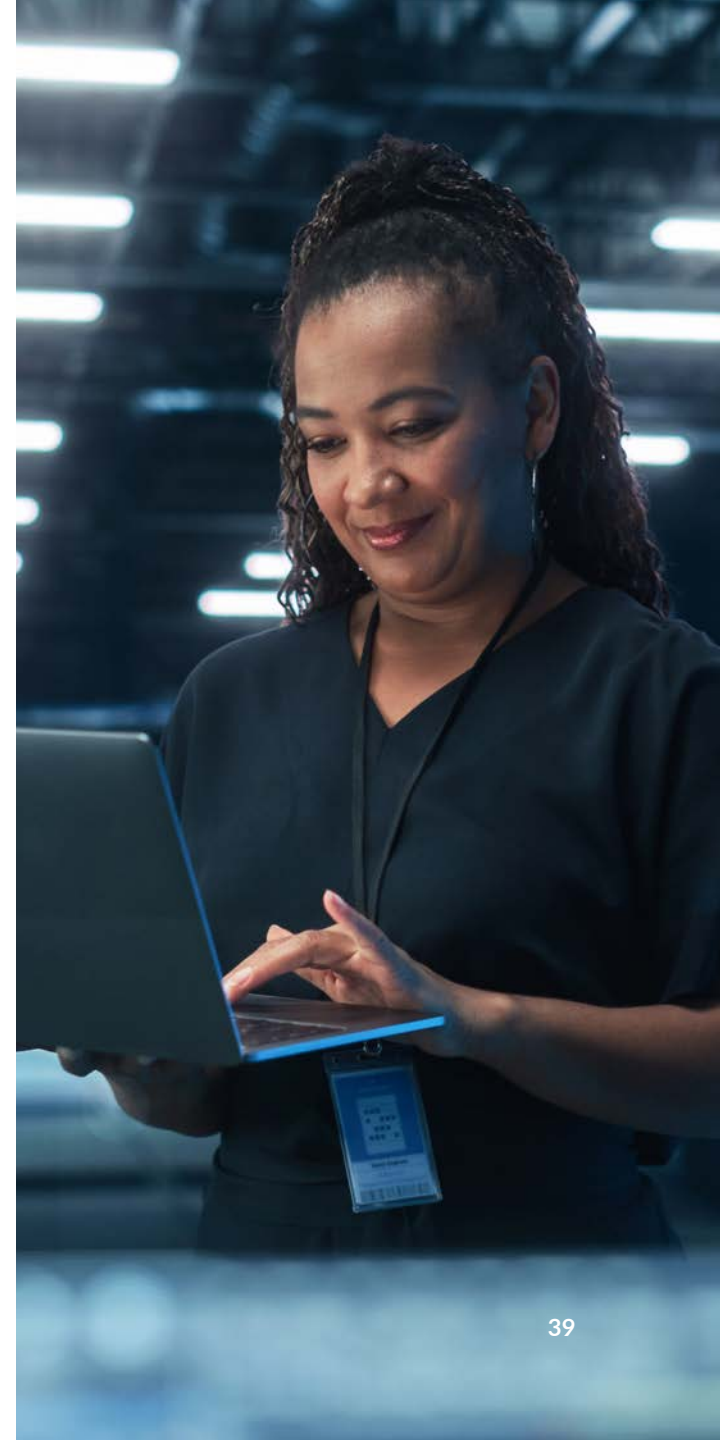
- **War and systemic risk exclusions:** Ongoing area of review; policy language should be carefully evaluated
- **Business interruption:** Continued development in how losses are measured and triggered
- **Privacy and wrongful collection:** Increasing demand as litigation expands
- **Incident response readiness:** Greater emphasis on pre-breach services and vendor alignment

Underwriters are placing increased importance on understanding how coverage aligns with an organization's operational and risk profile.

Looking Ahead

The Cyber insurance market is competitive, but underlying pressures persist. Ransomware activity, privacy litigation trends, and geopolitical uncertainty continue to shape the risk landscape for insurers and insureds alike.

While pricing conditions are still favorable, the trajectory of losses and emerging risks suggests a gradual shift toward greater underwriting discipline. Organizations that invest in proactive risk management, maintain strong cybersecurity controls, and clearly articulate their risk posture will be best positioned to secure favorable outcomes in an increasingly complex environment.



Directors and Officers Liability

The Public D&O Liability market enters 2026 in a position of relative stability.

At the same time, a growing wave of emerging risks, from geopolitical volatility to evolving regulatory expectations, is influencing how insurers evaluate exposure and how companies approach governance and disclosure.

Market Conditions & Renewal Terms

The Public D&O Liability market is stable following a few years of soft-market pressures. While capacity remains plentiful, carriers are beginning to hold the line on renewals with flat or small rate increases. Some markets even tried to roll out mandatory increases across all renewals; however, this was met with little to no support.

Capacity in the Excess Liability layers remains strong while carriers also seek to correct pricing where needed. Achieving adequate rate adjustments remains challenging.

Emerging Risks

Special Purpose Acquisition Companies (SPACs)

Following a two-year slowdown, SPACs are re-emerging as a viable path to the public markets, driven by improved market conditions and clearer regulatory guidance, according to law firm Venable LLP. [New SEC rules](#) have increased transparency, strengthened investor protections, and clarified key areas, including disclosures and liability, helping restore confidence in the structure.



Activity has picked up as valuations stabilize and traditional IPO windows reopen, with investors and sponsors returning to the market in a more disciplined way.



Compared to the previous SPAC boom, transactions are now more structured, with better alignment between sponsors and investors and a focus on experienced management teams.



Overall, the market is entering a more mature phase, where SPACs are viewed as a credible, but more selective, alternative for private companies seeking efficient access to public capital.

Tariffs & Lawsuits

Rising uncertainty about tariffs is emerging as a potential driver of Directors & Officers (D&O) claims, as companies face increasing legal scrutiny over how they disclose and manage tariff-related risks. Recent lawsuits allege that companies failed to adequately inform investors about the financial impact of tariffs, supply chain disruptions, and shifting trade policies.

For example, a plaintiff shareholder has sued used-car retailer CarMax, alleging the company failed to adequately disclose that their sales uptick was temporary and tariff-related. When this became apparent, along with weaker outlook signals, its stock price declined significantly, triggering investor losses and subsequent litigation, according to *The D&O Diary*.

The emergence of a federal anti-fraud task force reinforces this exposure. While current litigation has focused on alleged misstatements and disclosure gaps, increased government enforcement expands the risk beyond securities claims. Companies could face regulatory investigations tied to how they report, manage, and comply with the impacts of tariffs.

Together, these developments signal a broader risk environment in which tariffs are no longer just operational or financial concerns but also governance and compliance issues. As enforcement efforts intensify alongside private litigation, directors and officers face heightened scrutiny from regulators and investors alike, increasing the likelihood of multifront D&O exposure arising from the same underlying issue.

Insurers view tariffs similarly to other emerging risks, such as AI, in that they introduce new disclosure and governance challenges that can lead to securities litigation, regulatory investigations, and other forms of D&O exposure. While overall D&O claims frequency has not yet materially increased, the evolving legal landscape is raising concerns among underwriters in 2026.





Geopolitical Uncertainty

According to *The D&O Diary*, rapidly shifting geopolitical conditions are creating a more volatile and unpredictable environment for directors and officers, as companies are forced to respond to sudden changes in global policy, conflict, and economic alignment. Events such as trade disruptions, sanctions, and military conflicts can quickly alter business conditions, impacting supply chains, energy markets, and financial performance, often with little warning.

This “geopolitical whiplash” increases the risk that companies may misjudge or fail to adequately disclose these evolving exposures, leading to heightened scrutiny from investors and regulators. These risks are not always direct but often become apparent through second-order effects, including financial volatility, operational disruption, and strategic missteps.

As a result, boards face growing pressure to anticipate and communicate the potential impact of geopolitical developments. Failure to do so can lead to securities litigation and D&O claims, particularly when disclosures are perceived as incomplete or overly optimistic. In this environment, effective governance, risk oversight, and clear communication are becoming critical in managing D&O Liability exposure.

Artificial Intelligence (AI)

The SEC is increasingly focused on how companies disclose their use of artificial intelligence as they head into the 2026 reporting season. While the SEC has not introduced AI-specific rules, it emphasizes that existing disclosure frameworks require companies to clearly explain how AI affects their business, financial results, and risk profile. This includes ensuring that statements about AI capabilities, products, and competitive advantages are accurate, substantiated, and not misleading.

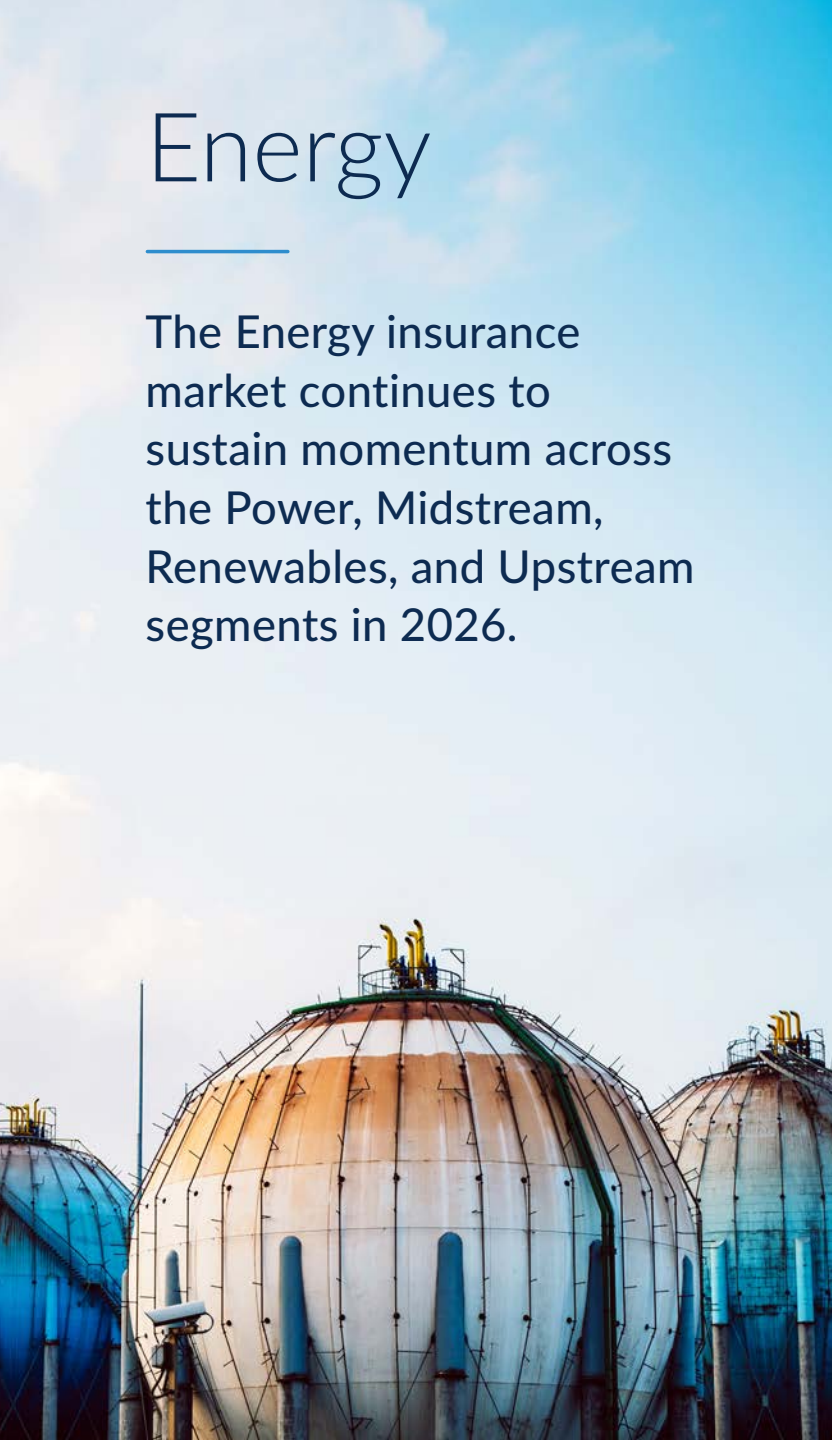
Companies should expect heightened scrutiny of “AI washing,” risk disclosures, and governance practices. Regulators are signaling that firms must define what they mean by AI, disclose how it is used operationally, and explain board oversight and risk management practices tied to AI deployment. As AI becomes more embedded in business models, failure to provide clear, complete, and supportable disclosures could increase the risk of regulatory action and securities litigation, making AI a growing area of focus for D&O Liability.



Looking Ahead

As the market continues to stabilize, carriers are expected to maintain a measured approach to pricing and underwriting, focusing on achieving rate adequacy over time. While capacity remains strong, emerging risks will play an increasingly important role in shaping underwriting decisions. The path forward for companies will require a continued emphasis on transparency, risk management, and clear communication with stakeholders.

Energy



The Energy insurance market continues to sustain momentum across the Power, Midstream, Renewables, and Upstream segments in 2026.

Capacity remains abundant, competition is strong, and underwriting appetite continues to favor well-performing risks supported by clear, data-driven profiles.

Across Power well-performing and Renewables, the market is increasingly defined by convergence. Traditional power and renewable underwriting are no longer operating in silos, as carriers expand their appetite across both segments to pursue growth and maintain market share. This dynamic is driving broader participation and sustained competition, while pricing reductions are becoming more selective and tied to individual risk characteristics.

In the Upstream segment, conditions have stabilized following several years of adjustment. Property lines remain firmly in a buyer's market, while Casualty is leveling out with more predictable pricing.

Power

Property Insurance

The Property market continues to be highly competitive, supported by ample capacity and ongoing expansion of underwriting appetite. A defining trend this cycle is the increasing overlap between conventional power and renewable energy underwriting, as carriers deploy capital across both segments to capture growth.

This shift has expanded available capacity and intensified competition, with oversubscription now common for well-performing risks. At the same time, pricing is becoming more disciplined. Rate reductions are no longer uniform but instead determined on a case-by-case basis. Accounts with strong loss histories, robust engineering, and limited catastrophe exposure are achieving high single-digit to low double-digit decreases, while CAT-exposed or more complex risks are seeing flatter renewals or more modest reductions.

Growth in energy infrastructure continues to support underwriting activity, with ongoing development across key regions, such as Texas, the Midwest, and Virginia.

Carriers are also increasingly focused on maintaining market share, contributing to continued pricing flexibility and improved terms. This environment favors insureds who can clearly differentiate their risk through detailed submissions, strong engineering data, and disciplined operational controls.

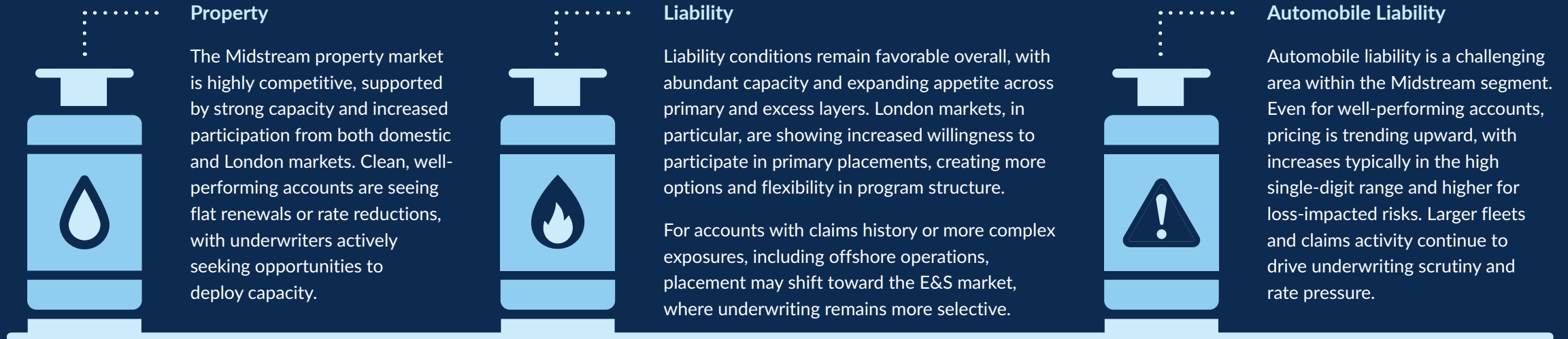
Excess Liability

The Excess Liability market is stable and well capitalized, with sufficient capacity for well-managed risks. Pricing is generally flat to slightly decreasing, particularly for accounts with favorable loss experience.

Underwriting discipline persists for higher-severity exposures, with catastrophe risks, particularly wildfire, continuing to influence appetite and pricing in certain regions.

Carriers are also refining attachment strategies and participation levels as part of broader portfolio management. Despite this, competition across domestic and London markets continues to support flexible structures and favorable outcomes for well-performing accounts.

Midstream



Renewables

The Renewables segment remains one of the most competitive areas within the Energy market, though the pace of softening has moderated compared to prior years. Capacity remains abundant, with both new entrants and established markets expanding their participation.

While overall conditions are favorable, underwriting is becoming more selective. Clean, well-managed risks continue to benefit from competitive pricing and broad participation, while projects with catastrophe exposure or more complex risk profiles are subject to closer scrutiny and more tailored pricing.

Appetite continues to grow for solar, onshore wind, and battery energy storage systems (BESS), with most development activity concentrated in these areas. Texas has emerged as a dominant hub, driven by the rapid expansion of data centers and other energy-intensive infrastructure. These projects are increasingly co-located with renewable generation, reinforcing demand for both solar and storage.

A clear theme across the segment is the advantage held by sophisticated insureds. Those who understand their risk profile, anticipate underwriters' concerns, and present strong, data-driven submissions consistently achieve better pricing and terms.

Upstream

Reinsurance and Capacity

The Upstream market has reached an equilibrium following several years of recalibration. Capacity is stable, and participation across markets has largely leveled out. Carriers that previously adjusted pricing and terms are now operating with greater confidence, contributing to a more predictable and balanced environment.

Property and Well Control

Property and Well Control are firmly in a buyer's market, supported by abundant capacity and relatively stable loss activity. Non-catastrophe risks continue to see meaningful rate reductions, in some cases reaching double-digit decreases, while also benefiting from improved terms and broader coverage options. A notable development in this segment is the growing availability of multi-year policy agreements, particularly in Well Control placements. Insureds are increasingly leveraging favorable market conditions to lock in pricing over longer periods, mitigating the risk of future market shifts.

For catastrophe-exposed risks, including those subject to hurricane or seismic exposure, pricing is generally flat or trending toward modest reductions. Capacity for CAT coverage is more limited, which continues to drive greater disciplined underwriting in these areas.

Casualty

Casualty conditions are stabilizing across the Upstream sector. For accounts with consistent exposure profiles and favorable loss experience, pricing is trending toward flat renewals or low single-digit increases, reflecting a more balanced market environment.

Offshore placements continue to present challenges. With the runoff of the JH Blades facility, insureds are increasingly turning to London markets for capacity. While this shift may result in some differences in policy structure, pricing remains relatively stable, with potential trade-offs between coverage terms and cost.

Automobile Liability is still an area of concern, driven by ongoing litigation trends and large jury awards. However, the market is beginning to stabilize as telematics and enhanced risk controls become more widely adopted and expected by underwriters.

Political and Regulatory Environment

The broader regulatory environment for Upstream energy remains relatively stable, with limited direct impact on core insurance lines. However, recent developments related to the Oil Pollution Act (OPA) financial responsibility framework represent a significant shift for offshore operators.

A newly issued Notice to Leaseholders aims to clarify liability structures and address long-standing uncertainties that have constrained capacity in the OPA insurance market. While these changes are unlikely to materially impact 2026 renewals, they are expected to improve capacity availability and pricing over time, particularly for operators in the Gulf of America.

Looking Ahead

As the Energy insurance market progresses through 2026, conditions are favorable for buyers, supported by strong capacity and sustained competition. While the pace of rate reductions is moderating, the market continues to reward differentiation.

Marine

The Marine insurance market for cargo, hull, and liability risks continues to reflect soft conditions, driven by abundant capacity, moderating loss levels, and strong competition in both London and U.S. markets.



Well-performing accounts are achieving rate and premium reductions on average, particularly in the hull and inland segments, as underwriters seek to deploy capacity and meet premium targets.

New capacity, especially in the form of new syndicates, managing general agencies, and increased participation from existing insurers, is entering the market almost daily.

At the same time, geopolitical developments in the Middle East are introducing increased volatility into the market. War risk exposure, routing considerations, and supply chain disruption are becoming more prominent underwriting factors. While capacity remains available, insurers are maintaining discipline around high-risk regions and evolving exposures. The impact of these war risks will be restricted to international war coverage for now, although excessive war losses could impact the wider market.

Hull & Machinery

The Hull & Machinery market continues its softening trend, with rate reductions generally in the 5%-7.5% range for well-performing renewals. New placements are seeing even more aggressive competition, with percentage reductions in some cases reaching into the mid-teens for clean programs.

Despite pricing pressure, underwriting focus remains firmly on vessel condition, maintenance practices, and operational controls. Inflationary pressures in repair costs, particularly labor and materials, continue to influence deductibles and terms, especially for older vessels or those operating in higher-risk regions.

Protection & Indemnity (P&I)

The P&I market remains still more disciplined than other Marine lines. While not experiencing the same level of softening as Hull, pricing is trending slightly upward overall due to rising pool and individual-fleet losses, with outcomes varying by club and account performance.

Clean risks may achieve more moderate increases, but underlying pressure from claims inflation and reinsurance costs continues to shape renewal results.

Underwriters are maintaining focus on crew safety, pollution exposure, and operational risk management, particularly for vessels transiting higher-risk corridors.

General Increase History (P&I)

Basis: Percent changes in estimated total call (ETC), before application of International Group Excess Loss Rate adjustments. Obligatory deductible increases not considered.

Key: MP = Mutual Premium | ETC = Estimated Total Call

Sector	2020	2021	2022	2023	2024	2025	2026
American: ETC	0%	5%	12.5%	0% ⁷	0% ¹¹	0% ¹⁵	0% ¹⁹
Britannia: ETC	0%	0%	0% ⁴	0% ⁵	0% ⁹	0% ¹⁴	0% ²⁰
Gard: ETC	0%	0%	0% ³	0% ⁶	0% ²	0% ¹²	0% ¹⁸
Japan: ETC	7.5%	10%	10%	10%	7.5%	7%	5%
London: MP	7.5%	10%	12.5%	0%	0% ¹⁰	0% ¹¹	0% ¹⁷
North Standard: MP	N/A	N/A	N/A	N/A	5%	5%	5%
Shipowners: MP	5% ¹	5% ¹	5% ¹	0% ¹	5% ¹	0% ¹	5% ¹
Skuld: ETC	N/A	N/A	N/A	N/A ⁸	N/A ¹²	N/A ¹³	N/A ¹⁶
Steamship: MP	7.5%	5%	12.5%	7.5%	5%	5%	8%
Swedish: ETC	5%	5%	12.5%	10%	7.5%	5%	5%
UK: MP	0% ⁴	10%	12.5%	10%	7.5%	6.5%	7.5%
West: ETC	2.5%	7.5%	15%	10%	7.5%	5%	5%

Footnotes:

1. Inclusive of the International Group excess loss rate adjustment.
2. Overall targeted a premium increase of between 2.5-5% for acceptable loss records.
3. Overall targeted a Club premium increase of 7.5%.
4. Overall targeted a premium increase of 12.5%.
5. Overall targeted a premium increase of 10%.
6. Overall targeting a premium increase of between 5%-7% for acceptable loss records.
7. No General Increase announced, but at least 10% increase on expiring rates was mandated.
8. Overall ETC adjustment of 10% across the Mutual product.
9. Overall, targeted an increase equal to 7.5% of Britannia's P&I ETC.
10. Targeted 7.5% average increase in rates.

11. Aimed for an overall adjustment of 5% of ETC.
12. Targeted an average premium increase of 4%.
13. Targeted an overall ETC increase of 5%.
14. Targeted minimum increase of 7.5% on P&I ETC rates.
15. Aimed for an overall adjustment of 7% of ETC.
16. Targeting an overall increase of 7.5% on premium rates.
17. Targeting an overall increase of 6% on average rates.
18. Targeting an average premium increase of 5%.
19. Aiming for an overall adjustment of 8% of ETC.
20. Targeted minimum increase of 5% on ETC rates.

Source: Marsh





Marine Liability conditions are stable yet segmented between primary and excess layers. Primary placements are generally flat to modestly down, while excess layers continue to reflect upward pressure driven by severity trends and reduced appetite for high-limit capacity.

Underwriters continue to scrutinize accounts with overlapping exposures, particularly where commercial auto or broader liability risks are present.



The Cargo market continues to offer favorable conditions for buyers, supported by strong capacity and competitive underwriting. Well-performing renewals are seeing 2.5% - 7.5% reductions. However, underwriting attention is increasingly focused on geopolitical exposure, supply chain disruption, and cargo security.

Carriers are placing greater emphasis on routing, storage, and security protocols, particularly for shipments moving through or near conflict-affected regions.



The Inland and Brown Water segment is benefiting from soft market conditions, with strong competition and expanding capacity driving favorable pricing and broader terms. Loss control remains a key differentiator, with operators that demonstrate strong risk management practices achieving the most competitive outcomes.

Multi-year policy structures and long-term agreements are becoming more common, allowing insureds to lock in favorable conditions while the market remains competitive.

War Risk and Geopolitical Tensions

War risk remains the most dynamic and uncertain segment of the Marine market. Following recent developments in the Middle East, insurers are reassessing exposures for vessels operating in or near the region. Rate volatility has increased significantly, particularly for key transit corridors such as the Strait of Hormuz.

Geopolitical tensions remain active, with ongoing military exchanges and attacks on critical infrastructure reinforcing the real and evolving risk to commercial shipping and broader supply chains. While disruption remains a concern, vessel traffic has not fully ceased; select transits continue through established corridors, highlighting both the persistence of trade flows and the elevated risk environment. Significant cargo accumulation within the region is contributing to supply chain disruption and cost pressures, while evolving routing arrangements, including “safe corridor” transits, introduce additional compliance and sanctions considerations for insureds and insurers.

Iran has introduced a “safe shipping corridor” for approved and paid transits, which has gained attention across the market. While some insurers are evaluating potential pricing concessions where documented safe passage can be demonstrated, the practical and legal implications remain uncertain. Engagement with sanctioned entities and broader compliance considerations continues to create complexity for shipowners and insurers.

At the same time, additional capacity is being introduced through a U.S.-backed marine war risk facility led by Chubb in partnership with the U.S. International Development Finance Corporation (DFC). This public-private initiative provides up to \$40 billion in capacity to support trade flows through the region, with coverage offered on a rolling basis and subject to strict eligibility, sanctions compliance, and due diligence requirements.

Importantly, this remains a rapidly evolving situation. Conditions, pricing, and available coverage may shift quickly as events develop. As a result, insureds should approach this segment with flexibility and maintain close communication with their broker partner.

Looking Ahead

The Marine insurance market continues to offer favorable conditions across most lines, particularly for well-performing risks. However, this needs to be balanced against moderate (1.5% average) premium growth and geopolitical developments, which are introducing new uncertainty and potential volatility, particularly in war-risk-rated areas.

While capacity remains strong, underwriting discipline is increasingly focused on risk quality, routing, and operational controls. In this environment, the opportunity remains for insureds to secure competitive pricing and terms while maintaining flexibility to adapt to a rapidly changing global landscape.

Public Entities



The Public Entities insurance market in spring 2026 is best described as stable with pockets of continued softening.

Property and Cyber insurance are seeing meaningful rate reductions, while Liability and Commercial Auto continue to experience upward pressure driven by claims severity and litigation trends. Overall, the market remains competitive, but underwriting discipline is increasing as carriers respond to evolving risks across municipalities, schools, and public agencies.

Property

Property continues to soften and is consistent with 2025 trends, with rate reductions often ranging from 10% to 30%, depending on loss history and account quality. There is robust capacity and broad carrier appetite, keeping competition high.

Carriers remain focused on accurate valuations, with increased scrutiny of cost-per-square-foot analysis and replacement cost accuracy. Entities with up-to-date appraisals and disciplined valuation practices are better positioned to secure favorable terms and maintain improvements achieved during the softening cycle. Those that fail to maintain up-to-date property schedules or to reflect recent improvements, such as new roofs, HVAC systems, or storm-hardening measures, may face coverage challenges or less favorable terms at renewal.

Secondary perils are also becoming a greater concern. According to NCEI data, in 2025, we observed 21 severe convective storm events, including tornado outbreaks, heavy winds and rainfall, thunderstorms, and hailstorms. These storms cost an average of \$2.6 billion per event and cause 50 fatalities each year. In the first half of March 2026, we saw several highly impactful severe convective storm events. Two outbreaks in the middle of the month featured the largest hailstone on record east of the Mississippi River, multiple EF-3+ tornadoes, and wind/hail impacts to major population centers, including Texas, Oklahoma, Kansas City, Chicago, Ohio, and the northeastern U.S., according to Guy Carpenter.

As a result, increased tornado, hail, and other severe weather activity is influencing underwriting outlooks even as hurricane activity is expected to be more moderate in the near term.

Liability

The Casualty market remains complex and segmented, driven largely by jurisdiction-specific legal environments, rising claim severity, and ongoing social inflation. These factors continue to influence underwriting discipline, pricing, and overall program structure.

Public Officials Liability, Educators Legal Liability, and Employment Practices Liability are all experiencing increased pressure from litigation trends. Emerging areas of concern include discrimination claims tied to evolving employment practices and regulatory shifts, as well as continued exposure to large jury verdicts.

Within the education sector, losses remain significant and persistent. Both higher education institutions and K-12 schools continue to experience claims related to sexual misconduct, accounting for roughly 30% of total claim costs in recent years, according to United Educators. Other leading drivers include discrimination, Title IX violations, and breach of contract under Educators Legal Liability, as well as slips, trips, and falls, accidents causing injury or damage, and civil assault claims under General Liability.

Analysis of United Educators' Large Loss Reports from 2016 to 2025 further highlights the impact of social inflation, with notable increases in both settlement values and defense costs.

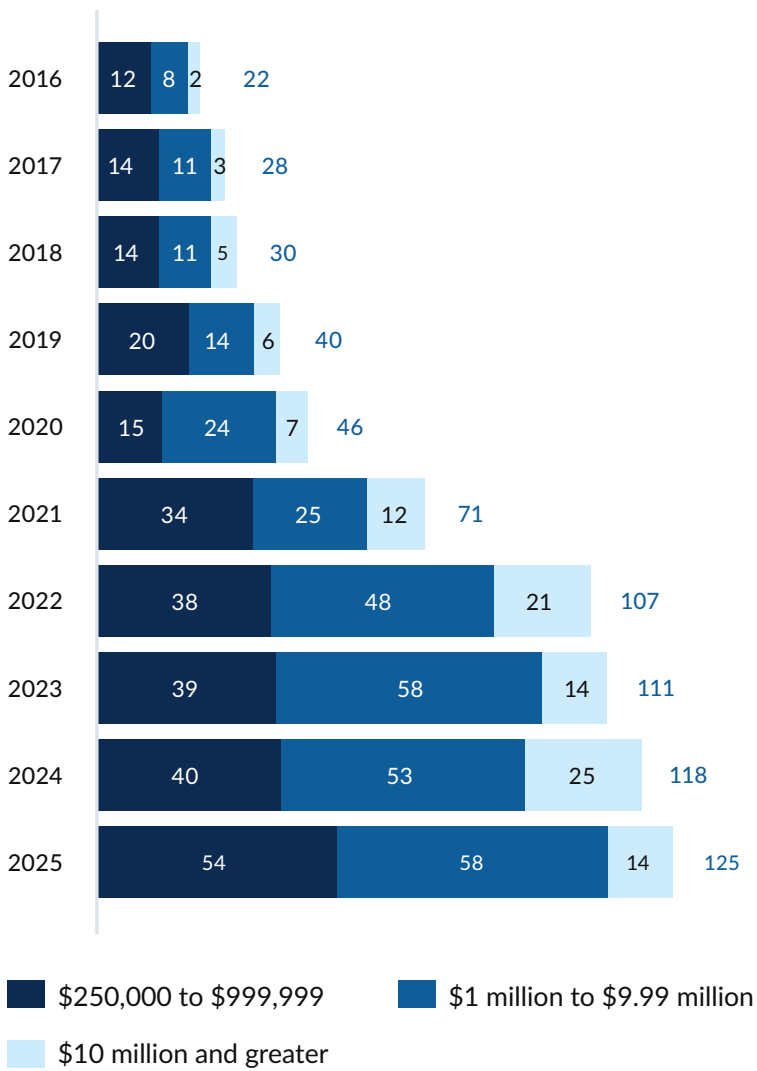
Law enforcement and professional lines remain among the most challenging segments. Carriers continue to limit capacity or exclude certain exposures, and recent high-profile settlements tied to police misconduct underscore the severity potential and heightened scrutiny in this space.

While Excess Casualty capacity has improved modestly, placements—particularly for higher limits—remain difficult, with many carriers unwilling to attach at lower layers. Sexual Abuse and Molestation (SAM) coverage continues to face pressure, with limited availability of retroactive coverage and increased underwriting caution. Religious institutions present additional complexity due to their unique exposure profiles, often requiring layered or stand-alone program structures.

Overall, rising claim severity and nuclear verdicts continue to drive cautious underwriting, upward pressure on pricing, and increased complexity across Casualty programs.

Source: United Educators

Damage Awards and Settlement Trends



Cyber

Cyber insurance continues to trend downward, with typical renewal reductions of 5% to 10%.

While pricing remains favorable, public entities continue to be prime targets for cyberattacks that result in class action suits. For example, the University of Minnesota reached a \$5 million settlement in a class action lawsuit filed after a 2023 data breach.*

Increasing geopolitical tensions and broader threat activity may heighten cyber risk, particularly for critical infrastructure such as water systems, schools, and municipal networks.

As a result, insurers are maintaining a focus on cybersecurity controls, incident response readiness, and system resilience, even as competitive pricing persists.

Schools can reduce the risk of cyber breaches by treating cybersecurity as a shared responsibility across the district. A strong program combines the right technology, ongoing training, and clear processes to prevent, detect, and respond to threats.

- **Make cybersecurity a districtwide priority:** Train staff, students, and administrators to recognize phishing and report suspicious activity
- **Strengthen identity and access controls:** Implement MFA and manage user access carefully
- **Deploy essential security tools:** Use endpoint detection, email/web filtering, patching, and secure backups
- **Maintain a cohesive architecture:** Align tools and processes into a unified, manageable system
- **Adopt proven frameworks:** Follow models like NIST or CISA for governance and response
- **Conduct regular assessments:** Identify gaps and test response plans
- **Leverage expert partners:** Strengthen strategy and stay ahead of evolving threats

*Source: United Educators

Commercial Auto

Auto continues to experience upward pressure, driven by rising repair costs, litigation trends, and increased exposure from large municipal fleets. External factors, such as fuel price volatility linked in part to global geopolitical developments, may also affect operating costs and risk profiles for public entities managing extensive vehicle fleets.

Workers' Compensation

Workers' Compensation remains relatively stable, though certain trends are emerging. Expanding presumptive laws—particularly related to cancer and PTSD claims for first responders—are increasing long-term exposure and influencing underwriting considerations.



What to Watch



Civil Unrest: Civil unrest is emerging as a more consistent and harder-to-predict risk in the U.S., with increasing protest activity and polarization raising the potential for property damage and business interruption losses. Carriers are responding by tightening terms, applying exclusions or sublimits, and, in some cases, requiring stand-alone coverage for Strikes, Riots, and Civil Commotion (SRCC). As a result, this exposure is becoming a more prominent consideration in underwriting and risk management, particularly for entities with urban or high-visibility operations.



Employment & Regulatory Shifts: Evolving employment practices and regulatory priorities are expanding exposure to discrimination and workplace-related claims. Recent litigation reflects this shift, including an \$8.4 million jury award in California to a former police officer in a reverse discrimination case.* The outcome highlights growing scrutiny of public entities and the increasing severity of Employment Practices Liability claims as workplace expectations continue to take shape.



Law Enforcement & Litigation Trends: Large settlements tied to police misconduct and other liability exposures continue to drive severity. Limited carrier appetite and heightened scrutiny are expected to persist.



Infrastructure & Secondary Perils: Severe weather events and infrastructure vulnerabilities are gaining attention, particularly in regions experiencing more frequent tornadoes and storms.



Cyber Threat Activity: Public entities continue to be frequent targets of cyberattacks, with potential for increased activity tied to geopolitical developments. Critical infrastructure and municipal systems remain particularly exposed.



AI & Emerging Risk: Adoption of AI tools within municipalities and school systems is accelerating. While offering efficiency, these technologies introduce governance, compliance, and liability considerations that are still developing.

Looking Ahead

The Public Entities market presents a mix of opportunities and challenges. Favorable conditions in Property and Cyber provide cost relief, while Liability and Auto face upward pressure from claims severity and litigation trends.

As risk exposures evolve, underwriters are placing greater emphasis on risk quality, operational controls, and loss history. Public entities that prioritize proactive risk management, maintain accurate valuations, and invest in cybersecurity and safety measures will be best positioned to achieve favorable outcomes in an increasingly complex environment.

*Source: [The Orange County Register](#)

Real Estate & Hospitality

The Real Estate and Hospitality insurance market in early 2026 continues to reflect two very different trajectories.



The Property market has softened further, beyond initial expectations, driven by sustained capital inflow and heightened competition. At the same time, the Casualty market remains challenged, with underwriting discipline, rising claim severity, and continued pressure on rates and capacity.

In many ways, the story remains the same as late 2025, only at a steeper angle. Property conditions continue to improve, while Casualty pressures persist, creating a clear divide across programs. For insureds, this creates a familiar but evolving dynamic: meaningful relief on Property placements paired with ongoing difficulty in General Liability, Auto, and Excess programs.

Property

The Property market continues to move deeper into soft territory. While conditions were already favorable in late 2025, 2026 has seen an even greater influx of capacity, driving increased competition across carriers and further downward pressure on pricing.

The market is being shaped by sustained profitability among insurers and reinsurers, combined with continued capital deployment into the space. Even in the face of recent weather activity, carriers remain well capitalized and able to absorb losses, allowing competition to persist. As a result, rates continue to decline, with many insureds seeing meaningful reductions depending on account-specific characteristics.

This environment is creating highly competitive program structures, particularly for larger insureds with shared and layered placements. Multiple carriers are actively competing for participation across layers, contributing to improved terms, broader coverage, and pricing flexibility.

Notably, even accounts with recent loss activity are, in some cases, still achieving rate reductions—underscoring just how competitive the current market has become.

At the same time, underwriting discipline has not disappeared. Carriers remain mindful of catastrophe exposure and continue to evaluate portfolio profitability. A key question emerging in the market is how far rates can decline before carriers reach a break-even point and the cycle begins to reverse.

Severe Convective Storms: A Growing and Evolving Risk

While hurricane activity has remained relatively muted, severe convective storms (SCS), which may generate hail, tornadoes, and damaging winds, continue to be a major driver of property losses across the United States.

Recent data highlights the increasing frequency and geographic reach of these events. According to Guy Carpenter, in March 2026 alone, multiple severe weather outbreaks produced large hail, including a record-setting hailstone measuring more than six inches in diameter east of the Mississippi River, as well as numerous EF-2 and EF-3 tornadoes that impacted major population centers across the Midwest and central United States.

SCS losses are occurring more frequently and affect a broader range of regions. This creates a more persistent and less predictable loss pattern for insurers. Events such as widespread hail and windstorms can generate significant aggregate losses across portfolios, even if individual events are less severe than named storms.

As a result, carriers continue to closely monitor SCS exposure, particularly in regions with high concentrations of insured assets. While current pricing remains favorable, the increasing severity and frequency of these events pose a key risk factor for future market conditions.

Casualty

The Casualty market remains one of the most challenging environments in the Real Estate and Hospitality sector. Conditions in early 2026 are largely consistent with those seen in late 2025, with underwriting still strongly driven by claims activity and loss severity.

Carriers are becoming increasingly selective in their underwriting, particularly for habitational and hospitality risks. Some insurers that were previously key solutions in the market are now actively reducing or exiting exposure in these classes, which is limiting available options and increasing competition for remaining capacity.

Notably, this selectivity is not always uniform across lines. Some carriers remain active participants in Property placements while simultaneously pulling back from Casualty, reflecting the profitability divergence between the two.

The primary driver remains claim severity driven by third-party litigation, an aggressive plaintiff's bar, and jury biases. Losses that were once considered routine are now generating significantly higher payouts. Claims that previously settled for tens of thousands of dollars are now reaching several hundred thousand, and there has been a notable increase in higher-severity incidents, including assault and battery claims, contributing to elevated loss costs.

Excess Liability

The Excess and Umbrella market remains under pressure, particularly for hospitality and residential risks. While many insureds have already absorbed the initial shock of rate increases and structural changes, the environment remains difficult.

Capacity continues to compress, with fewer carriers willing to deploy large limits at lower attachment points. As a result, overall program costs remain elevated, particularly for habitational and hospitality portfolios, where losses have been more pronounced.

For other real estate segments, such as commercial, retail, and industrial, renewal rates are more moderate, though still not necessarily favorable. Outcomes remain highly dependent on individual loss experience and risk profile.

Alternative Structures

As traditional insurance structures become more difficult to secure, insureds are increasingly exploring alternative solutions. Captives, higher retention, and loss-sensitive programs are becoming more common and, in some cases, no longer optional.

In certain situations, insureds are required to move to higher retentions or alternative structures when the market is no longer willing to offer a viable guaranteed-cost solution. For larger organizations, these structures may provide a more sustainable long-term approach, but they also require greater internal risk management and financial commitment.

At the same time, carriers are beginning to consider tort reform developments in certain states in their underwriting and pricing models. While the full impact will take time to materialize, insurers are starting to incorporate these changes into forward-looking expectations.

Looking Ahead

The Real Estate and Hospitality market in 2026 continues to reflect a clear divide. The Property market remains firmly in the buyer's favor, with abundant capacity and continued rate reductions. However, rising claim severity and limited capacity continue to shape rising rates in the Casualty market.

For insureds, the ability to leverage favorable Property conditions to offset Casualty increases remains critical. At the same time, proactive risk management, thoughtful program structuring, and openness to alternative solutions will be essential in navigating the ongoing challenges within liability lines.



Senior Care

The Senior Care industry enters 2026 continuing to build on the momentum of late 2025, with a cautiously optimistic outlook supported by strong demographic demand and ongoing investment in the space.

At the same time, many of the core challenges that have defined the market remain firmly in place.

Economic pressures, staffing shortages, regulatory complexity, and rising claim severity continue to shape both operations and insurance outcomes. While mergers and acquisitions break records and construction development is beginning to re-emerge after a period of slowdown, underwriting scrutiny remains high as carriers evaluate performance, ownership structure, and long-term sustainability.

The result is a market defined by both opportunity and discipline, where growth continues, but execution and risk management are more critical than ever.

General Liability/Professional Liability

The General Liability and Professional Liability (GL/PL) markets remain dynamic and highly dependent on individual risk characteristics. While there is still meaningful capacity in the marketplace, underwriting outcomes are increasingly tied to operational performance and individual risk profile.

Underwriters are maintaining a heightened focus on resident acuity, staffing levels, and formal risk management practices. “Acuity creep” remains a key concern, as residents are entering senior care settings later in life and with more complex medical needs than ever before. This trend is directly contributing to increased exposure and higher severity claims.

Litigation trends continue to be a primary driver of rate and underwriting pressure. Social inflation – fueled by an increasingly sophisticated and coordinated plaintiff’s bar – has led to materially higher claim valuations. Industry data indicate that average senior care liability claims now exceed \$200,000, with certain categories, such as abuse and falls, driving a disproportionate share of this trend. In addition to this development, claims that were once considered manageable are now developing into significantly higher-severity losses, reinforcing the need for strong operational controls and defensible risk management practices.

At the same time, new insurance capacity continues to enter the market, creating competitive pressure on established incumbent carriers. While this may produce favorable pricing in the near-term, it also raises important questions about long-term commitment to the sector and the ability of newer entrants to sustain losses over time. As a result, carrier selection remains a critical component of program strategy, particularly for organizations with complex risk profiles.

Excess Liability

The Excess Liability market continues to present challenges, particularly for accounts with adverse loss experience or complex risk profiles. Pricing and capacity remain closely tied to the underlying primary program and historical performance.

Underwriters are placing increased emphasis on factors such as ownership structure, leadership experience, overall financial strength, and enterprise risk controls, in addition to loss history. Larger limit towers remain more difficult to assemble, as carriers maintain a cautious stance regarding catastrophic-loss potential and nuclear-verification exposure.

While capacity exists, underwriting remains disciplined, and outcomes can vary significantly from one account to another.

Property Insurance

The Property market represents one of the most notable areas of improvement entering into 2026. Conditions have continued to stabilize/soften further compared to late 2025, with increased capacity and broader willingness from carriers to deploy limits.

This shift has created greater optionality for insureds and more competitive program structures, particularly for well-managed portfolios. However, underwriting discipline remains firmly intact. Carriers are focused on protecting newly deployed capacity and enforcing strict requirements regarding building age, roof condition, fire suppression systems, and overall loss-mitigation controls.

For risks that meet these thresholds, market response has been favorable. The result is a more balanced and functional marketplace – one where capacity has returned, but underwriting standards have not relaxed.

Commercial Auto

Commercial Auto remains one of the most challenging lines for Senior Care providers. Limited carrier appetite, combined with rising claim frequency and severity, continues to drive problematic renewal outcomes.

Resident transportation creates a unique exposure, particularly when multiple passengers are involved in a single incident. The potential for multiple claims arising from a single event significantly increases severity and underwriting concern.

Broader industry trends, including increased litigation, rising medical costs, and distracted driving trends, negatively impact loss ratios. As a result, carriers are becoming increasingly selective, with requirements such as telematics, driver monitoring, and formal fleet safety programs now being viewed as baseline underwriting requirements rather than optional enhancements.

Workers' Compensation

Workers' Compensation remains a stable and generally favorable line for Senior Care providers. Capacity is strong, and carriers continue to support the industry through competitive pricing and robust risk-control resources.

Insureds with effective safety protocols, employee training, and well defined return-to-work programs are consistently achieving the most favorable outcomes. Despite broader labor challenges, this line of coverage continues to benefit from a relatively predictable loss environment compared to other casualty lines.

Cyber Liability

The Cyber Liability market has maintained stability, supported by ample capacity and sustained carrier interest. Senior Care organizations have made meaningful investments in cybersecurity infrastructure and controls, which have improved underwriting confidence across the segment.

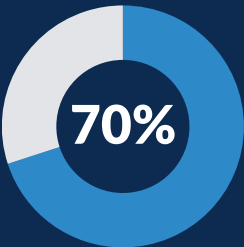
As technology continues to become increasingly embedded in healthcare delivery and resident care management, maintaining strong data integrity, system resilience, and incident response capabilities remains critical. For many owners and operators, this is an opportune time to build or expand Cyber programs at competitive pricing.

M&A and New Construction

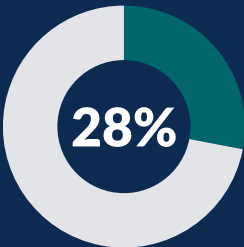
The industry’s long-discussed “silver tsunami” continues to shape strategic planning, as providers position themselves to accommodate an aging population and sustained demand for senior living and care services. According to a recent article in *McKnight’s Senior Living*, the oldest baby boomers are turning 80 this year. An estimated 70% of older adults will require some form of support, with nearly half needing formal, paid services. Together, these trends underscore the growing demand for senior living solutions. In addition, boomers will also have fewer caregiver safety nets, with about 22 million older adults living alone and 28% with no children. Those figures are projected to double by 2040, according to the U.S. Census Bureau. Fewer adult children means older adults will need to rely more on formal support and senior living options in the years ahead.

To meet this long-term demand, the Senior Care industry continues to see strong investment activity. In fact, M&A hit another record year in 2025: According to *McKnight’s Senior Living*, M&A for senior living communities and skilled nursing facilities in 2025 reached \$30.5 billion, marking the highest annual total in more than 10 years. There were 871 transactions in 2025, surpassing the 721 deals set in 2024 by 20.8%.

Additionally, new construction and expansion projects, previously slowed by economic pressures, are beginning to return, signaling renewed confidence in the sector. While these projects will take time to materialize, they represent an important step toward meeting future demand.



An estimated 70% of older adults will require some form of support.



28% of older adults have no children.



Looking Ahead

The Senior Care market in 2026 continues existing trends, with incremental improvements in some areas and persistent challenges in others. Property conditions have improved meaningfully, while Liability lines remain complex and highly dependent on individual risk performance.

As the industry continues to grow, success will depend on disciplined operations, strong risk management, and thoughtful program design. With demographic demand accelerating and investment returning, the opportunities ahead are significant, but so too is the need for careful execution in an increasingly scrutinized environment.



Transportation

The Transportation insurance market in spring 2026 continues to face persistent challenges driven by loss severity, social inflation, and an unforgiving legal environment.

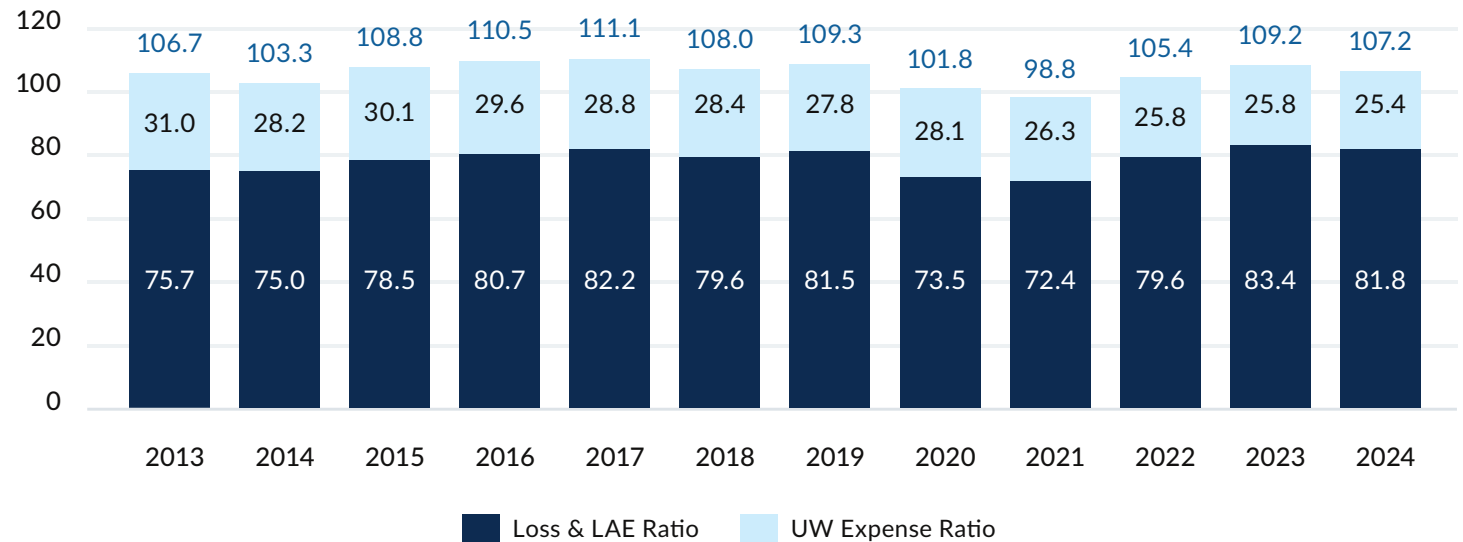
Insurers are still working to keep pace with adverse loss development, particularly in Commercial Auto, where rate increases have yet to fully offset rising claim costs.

On the Logistics side, cargo theft remains a growing concern, with activity expanding beyond traditional hot spots and targeting a broader range of commodities. Organized theft and evolving fraud tactics are increasing exposure, prompting insurers to tighten underwriting and place greater emphasis on policy language and risk controls.

Commercial Auto

The Commercial Auto market is one of the most challenging segments in Transportation. Insurers are still contending with poor loss performance, ongoing nuclear verdict activity, and adverse development on prior-year claims. These pressures have made it difficult for insurers to achieve sustainable profitability, even with continued rate increases. According to AM Best, Commercial Auto has consistently had a combined ratio over 100%.

U.S. Commercial Auto - Net Underwriting Ratios



Source: AM Best

Rate trends are generally holding in the 7%-12% range for primary layers, depending on the insurance company and individual account performance. However, loss trends are rising at a similar pace, creating an environment in which pricing gains are often offset by deteriorating claims experience. Insurers are hopeful that tort reform can help reduce claims costs. While tort reform has been established in only a limited number of states and for only a relatively short time, positive trends are emerging in early-adopter states such as Florida.

Capacity deployment is also becoming more constrained at the primary level. Insurers that once offered \$5 million primary limits are now more commonly deploying \$1 million to \$3 million, requiring insureds to build towers with additional markets. This shift is increasing complexity and cost, particularly for fleets with less favorable loss histories.

Despite these challenges, there are modest signs of improvement on the economic side. According to recent data from U.S. Bank and DAT, spot linehaul rates have increased by more than 23% between early 2025 and early 2026, while contract linehaul rates have risen by roughly 5%, significantly compressing the historical spread between the two.* This shift may help stabilize financially strained operators and improve overall credit quality across the sector, which is a positive development from an insurance perspective.

However, stronger freight activity can also introduce new operational variability. Motor carriers may run harder, expand into unfamiliar lanes, or adjust routing strategies to capitalize on higher-paying loads—factors that can increase exposure to accidents and severity of losses. As a result, while the underlying business environment is showing signs of improvement, it has yet to translate into meaningful relief for insurers, and underwriting discipline and rate pressure are expected to persist in the near term.

Excess Liability

Excess Liability continues to present challenges, particularly in the lower excess and buffer layers. Capacity is more limited in these layers, with most insurers restricting participation to \$2 million-\$3 million tranches. This has led to more fragmented towers and increased pricing pressure.

Rate changes in the \$5 million to \$20 million layers are often more volatile, with rate changes ranging from +5% to up to +20% or more for accounts with loss activity or challenging exposures.

At higher excess layers, generally above \$20 million, pricing pressure is beginning to moderate slightly. While increases are still occurring, the pace has eased compared to prior years, offering some relief for larger fleets building out high-limit programs.

Alternative risk structures continue to gain traction across the Excess tower. Multiyear programs with adjustable premiums based on loss performance are becoming more common, particularly for middle-market and large fleets. These structures offer a more predictable and equitable alignment between cost and risk, which is driving increased interest from insureds.

London and Bermuda markets are also expanding their participation, particularly in alternative risk and shared-capacity structures, helping to supplement domestic capacity constraints.

Lastly, Umbrella and Excess liability insurers are also hopeful that tort reform will have a positive impact on claim values affecting their layers. We expect this to be a closely watched issue for insurers.

Workers' Compensation

Workers' Comp is one of the more stable lines within Transportation. Rates are generally flat to slightly declining, and insurers view this line as an attractive complement to more challenging casualty exposures.

Many insurers still prefer or require writing Workers' Compensation alongside Commercial Auto, using it to balance overall portfolio performance. Capacity is strong, and competition remains active for well-managed accounts.

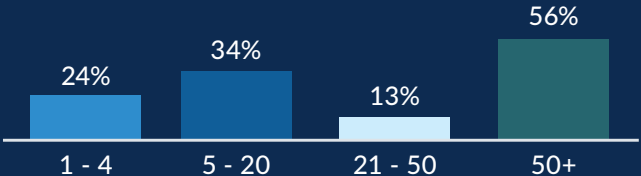
Technology and Telematics

Technology is playing an increasingly central role in underwriting and risk evaluation. Telematics is moving beyond market access and becoming a direct factor in underwriting.

Insurers are placing greater emphasis on how fleets utilize telematics data, not just whether they have it. Programs that demonstrate active use of data, such as driver coaching, safety interventions, and performance tracking, are better positioned for favorable outcomes.

According to one platform that provides GPS fleet tracking and dual-facing dashcam, these technologies are proving effective in reducing high-risk driving behaviors (by as much as 36%) while also improving claims outcomes through faster resolution and stronger defense against fraudulent or disputed claims. Adoption is increasing across the industry but varies significantly by fleet size, with larger fleets leading the way, creating an opportunity for insurers to incentivize or subsidize implementation.

Dashcam Adoption, Split by Fleet Size



Source: Policy Pressure in Logistics: Tech.co Report 2025

Logistics Risks

Cargo theft remains a significant and growing concern across the Transportation sector. According to Verisk CargoNet, in 2025, estimated losses surged to nearly \$725 million, a 60% increase from 2024, as organized criminal groups increasingly focused on high-value shipments. The average value per theft rose to \$273,990, up 36% from \$202,364 in 2024.

CargoNet's Supply Chain Risk Trends

3,594 Theft Incidents Reports

\$724,978,757 Total Loss Value

Top Targeted Location Type



Warehouse/
Distribution Centers



Truck Stops

Top Targeted Commodity Types

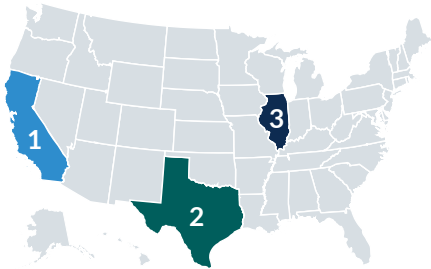


Food and
Beverage



Household
Goods

Top 3 Targeted States Represent
51.9% of all theft in 2025



Source: [Verisk CargoNet](#)

Additionally, according to Verisk CargoNet, geographically, theft activity is expanding beyond traditional hot spots. California continues to see the highest volume, with 1,218 incidents, but activity has shifted away from Los Angeles County (down 11%) toward historically lower-risk areas such as Kern County (up 82%) and San Joaquin County (up 44%). Several other states also experienced notable increases, including New Jersey (up 50%), Indiana (up 30%), and Pennsylvania (up 24%).

Changes in targeted commodities are equally significant. Food and beverage shipments saw the largest rise, with 708 incidents—a 47% increase from 2024. Meat, seafood, and tree nuts were among the most frequently targeted, with regional differences emerging: meat and seafood thefts were concentrated in the Northeast, particularly New Jersey, while tree nut thefts were more prevalent on the West Coast. Metal theft also climbed sharply, up 77%, driven by sustained demand for copper products.

Criminals are also increasingly targeting enterprise computer components and cryptocurrency mining hardware. Vehicle-related products, including tires, auto parts, and motor oils, remained attractive, with a focus on engines and components bound for domestic vehicle assembly plants.

Insurer Response to Continued Surge in Cargo Theft

Insurers are responding by tightening underwriting guidelines and, in some cases, introducing more restrictive policy language for theft-related exposures. Policy structure and wording are becoming increasingly important, particularly in cargo placements where coverage can vary significantly between insureds. Insureds must have a clear understanding of what is—and is not—covered to avoid unexpected gaps.

At the same time, new technologies and service providers are emerging to help mitigate the risk of cargo theft. Enhanced tracking, verification tools, and identity validation processes are becoming more common, particularly among freight brokers and logistics operators.

A Legislation Push to Address Cargo Theft

Cargo theft is drawing increased national attention, with industry leaders and public safety officials backing new federal legislation aimed at addressing the growing threat. The Cargo Security Innovation Act, a bipartisan bill introduced by U.S. Senators Marsha Blackburn (R-Tenn.) and Amy Klobuchar (D-Minn.), is supported by the American Trucking Associations and seeks to strengthen enforcement efforts through improved data sharing, enhanced coordination, and technology to combat organized cargo theft networks.

Freight Brokers: Legal Environment

The legal environment for freight brokers is also under close watch. A pending Supreme Court decision could significantly impact broker liability, particularly in areas such as negligent hiring and vicarious liability. In the case of *Montgomery v. Caribe Transport II, LLC*, the Supreme Court is weighing whether a freight broker can be held liable for hiring a motor carrier involved in a serious truck accident. The case stems from a 2017 crash in which a driver for Caribe Transport struck a stopped truck, severely injuring the plaintiff. The shipment had been arranged by a broker, and the injured party argued that the broker should be liable for negligently selecting an unsafe carrier.

The key legal question is whether federal law (the FAAAA) prevents these types of state-level negligence claims against brokers or whether such claims are allowed under a “safety exception.” Lower courts dismissed the claims against the broker, but courts across the country are split on this issue. The Supreme Court’s decision is expected to establish a nationwide standard and could significantly expand or limit freight broker liability, with major implications for the transportation and insurance industries.*

*Source: JD Supra

Looking Ahead

The Transportation insurance market continues to face structural challenges, particularly in Commercial Auto and Excess Liability. Loss severity, legal pressures, and capacity constraints continue to shape underwriting decisions and pricing outcomes.

The path forward will continue to favor fleets that invest in technology, actively manage risk, and present a clear, data-driven narrative to underwriters. Brokers who can effectively communicate that story and align clients with the right market strategies will play a critical role in achieving the best outcomes.





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