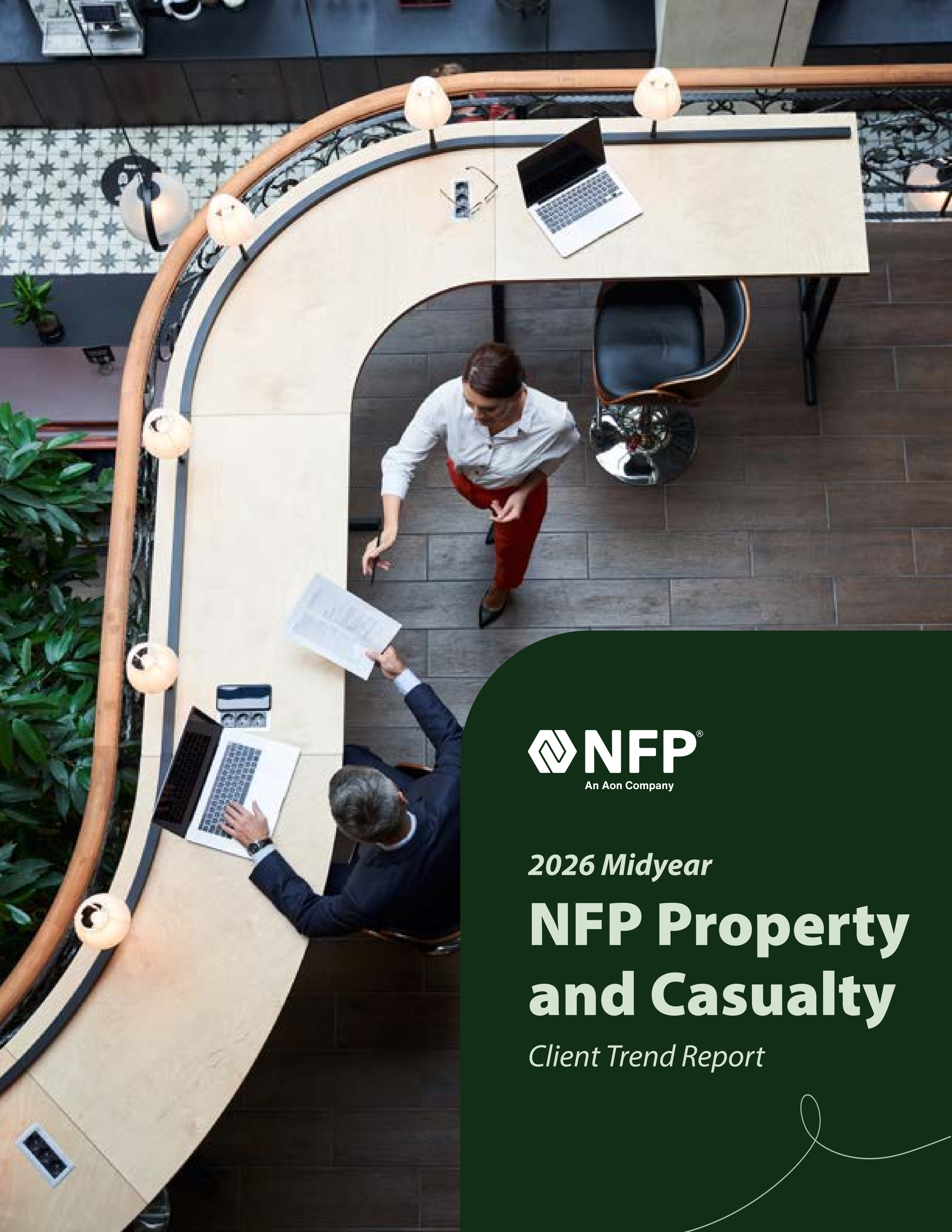

NFP®
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2026 Midyear

NFP Property and Casualty

Client Trend Report

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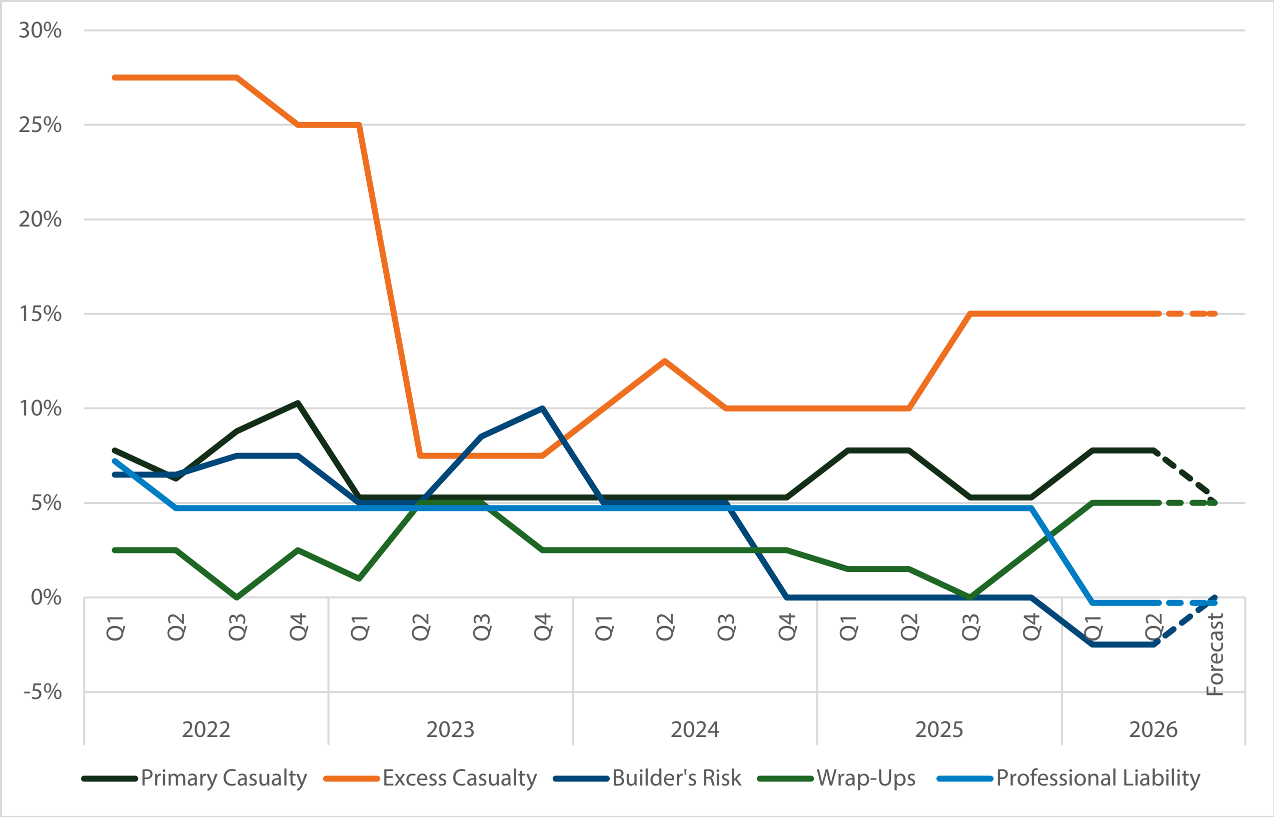
Construction and Infrastructure

Primary Casualty, Excess Casualty, Builder’s Risk, Surety, Subcontractor Default Insurance, Construction Professional, Wrap-Ups (OCIP and CCIP)



Construction and Infrastructure

H1 Summary

Construction insurance markets entered 2026 firmer but more balanced than the recent peak. Primary casualty moved off peak hard-market conditions without softening meaningfully. Workers' compensation (WC) was stable to mildly soft, while auto liability and challenged general liability (GL) risks remained difficult (0% to 15%). Excess casualty pricing stayed elevated at 10% to 20%, though the pace of increase has slowed into a sustained firm cycle, with constrained limits forcing multi-carrier towers. Builder's risk eased on non-catastrophe (cat) placements (-10% to +5%) as new capital entered, while cat-zone rates held firm. Surety remained stable and competitive with ample capacity, and subcontractor default insurance (SDI) pricing was steady (0% to 3%) amid rising enrollments. Construction professional was stable but account-differentiated (-10% to +10%). Wrap-ups (OCIP/CCIP) price at 0% to 10%, with carriers capping per-layer deployment to manage nuclear-verdict exposure and pushing buyers into multi-insurer towers. Across nearly every line, claim frequency held while severity climbed on social inflation, nuclear verdicts, and rising litigation and rebuild costs.

H2 Outlook

The second half of 2026 points to continuity rather than a market turn. Primary casualty rates should keep moderating while staying positive, with WC the prime area of leverage for well-performing risks. Excess casualty pressure is expected to persist without spiking further, as carriers favor higher attachment points, tighter primary-excess form alignment and disciplined tower construction. Builder's risk should stay competitive on ample capital, with cat and data center loss experience the swing factors. Surety capacity remains strong, particularly for credit-worthy contractors, and SDI pricing should hold absent adverse data center loss development. Construction professional is expected to remain stable, with growing emphasis on early dispute resolution and emerging technology and AI exposures. Litigation severity stays the dominant headwind – keeping retentions and coverage discipline elevated – while the scheduled 2027 expiry of the Terrorism Risk Insurance Act (TRIA) warrants monitoring.

Primary Casualty (WC, GL, Auto)

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to 15%	The market moved off typical peak hard-market conditions overall, but it has not softened meaningfully in the primary casualty arena. We saw two different environments operating simultaneously with improving WC and best-in-class GL risks, all the while experiencing a continually hard market for auto liability and challenging GL risks.	-5% to 15%	The forecast has been better than the last three years, but it's still a seller's market in key lines. Expect a continuation of current trends, but don't expect a market turn with primary lines moderating but still positive. The key area for leverage is still WC as it continues to be a stable to mildly soft market with negative rate on the right risks.
Limits		Primary layers have been generally stable and overall deployable for deserving risks. There is no broad withdrawal of capacity of these first layers, but it will come with tighter underwriter scrutiny. Taking advantage of increasing the initial layer can relieve pricing on the additional layers in the excess market.		Overall, you will see more options for good risks, but not a return to pre 2020 capacity behavior. You will see the potential for slight increase in competition for strong GL risks, which will open the doors for additional limits.
Retentions		Retentions in primary layers have been generally stable to slightly increasing. Good contractors are experiencing flat or manageable retention levels, while marginal accounts will see retention pressure still being applied as a risk filter.		Retention levels are expected to remain stable to an upward trend. Increasing differentiation between high-performing and higher-risk contractors. Carriers will continue to emphasize higher attachment points and disciplined program structures due to ongoing litigation severity and loss volatility.
Coverage		While overall construction casualty coverage has remained available and structurally consistent over the past six months, carriers have increasingly tightened policy terms, introduced targeted exclusions and applied greater scrutiny to coverage alignment.		Coverage appetite will remain stable overall but selectively constrained, especially in the higher risk GL operations.
Carrier		Carrier involvement has been more risk sensitive. We saw strong participation for best-in-class contractors, clean loss history and strong underwriting narrative. We saw reduced participation for auto-heavy risks, residential and loss-impacted accounts.		Over the next 6 to 12 months, carrier involvement in construction casualty is expected to remain stable in overall capacity but increasingly structured and selective.
Claims		Claim frequency remained relatively stable, but severity has continued to increase, driven by litigation trends, rising costs and larger, more complex projects. Auto-driven severity is a major driver of claim costs.		The claim and litigation environment will remain unfavorable for insurers and unpredictable for large claims.

Excess Casualty

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	Up 10% to 20%	Compared to earlier periods, excess rate pressure remained elevated, but the rate of acceleration slowed. The market has moved off the most extreme hardening phase and has settled into a sustained firm cycle.	Up 10% to 20%	Upward rate pressure is expected to persist but not spike further.
Limits	Flat to down	Excess layers have been constrained and more expensive. You can still build towers, but you're working harder, using more carriers and often attaching multiple layers of $5M to $10M to reach the historically available $25M limit.	Flat	Appetite for limits is slowly improving but still constrained structurally. Expect it to be slightly easier to fill out towers and to find additional markets. However, you will still need multiple carriers and creative structuring.
Retentions	Up	Carriers were actively pushing higher retentions in lower layers as their preference is shifting to attach higher in the tower.	Up	Carriers will continue to push higher retentions in lower layers as they prefer to attach higher in the tower. This trend is expected to persist through at least the next year.
Coverage	Flat to down	Excess is no longer a "set it and forget it" follow-form. It has become more of a conditional follow-form. More coverage carve-outs tied to underlying wording.	Flat to down	We will see carriers increasingly require a tighter alignment between primary and excess forms with a drive for more consistency in definitions, exclusions and endorsements.
Carrier	Flat to down	Carrier involvement remained stable overall but shifted toward more selective participation, particularly moving away from lower excess layers and concentrating higher in towers.	Flat	Carriers will continue to favor higher excess layers, deploy smaller participations and apply disciplined underwriting, resulting in greater complexity in tower construction rather than an expansion of available capacity.
Claims	Up	Excess casualty remains under sustained pressure due to escalating jury awards and increasing liability exposures.	Up	Increased claim costs are being driven by social inflation, nuclear verdicts, higher defense costs and longer litigation timelines.

Builder's Risk

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-10% to +5%	Property reinsurance capital continued to be sure and new carriers are entering, pulling non-cat rates down. Nat-cat/severe convective storm loss costs are keeping cat-zone pricing firm.	-5% to +5%	Ample capital and competition should persist. Cat loss experience and data center loss performance are the swing factors.
Limits		New entrants and London appetite add capacity. Insurers cap cat limits to manage aggregate nat-cat accumulation.		Profitable property results keep capital in the market. Cat discipline limits how far limits expand.
Retentions		Competition lets buyers negotiate deductibles. Carriers hold percentage cat deductibles to share volatile nat-cat loss. Jobsite tech is helping to ease deductible increases.		Clean loss records, tech deployment and competition support stable retentions. Cat deductibles stay elevated.
Coverage		Water damage is the top loss driver, so insurers scrutinize mitigation. Cat sublimits manage storm exposure.		Loss-cost focus keeps terms steady. Strong risk controls and client experience earn the best wording.
Carrier		Healthy property profitability has drawn new capacity in. Cat-exposed carriers stay disciplined on aggregate.		Returning capital fuels competition. Nat-cat volatility keeps coastal appetite measured, while the need to support mega projects persists.
Claims		Elevated material and repair costs, combined with worsening severe convective storm/cat activity, continued to push claim severity higher.		Rebuild costs and climate-driven storm frequency keep severity trending up.

Surety

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing		Clients have enjoyed a relatively stable rate market over the last several years. As carriers jockey for position and market share, we see continued stable rates for the balance of 2026.		We do not see a scenario over the next 12 months where there will be a drastic change in pricing. New markets are looking to enter the surety space, and increased competition will drive/maintain pricing.
Limits		Market capacity was stable to increased for the first half of 2026. Contract prices have risen due to inflation and economic conditions and capacity is following suit.		Over the next 12 months we remain bullish on carrier capacity, particularly for the desired classes and credit-worthy clients.
Carrier		The first half of 2026 proved to be stable to soft with plenty of carrier support. There continue to be ample markets available for the risks needing surety.		Additionally, we could possibly see new markets enter the surety space given the desired ROI on this line of business. This is a position that we believe will continue over the next 12 months with certainty.
Claims		Upon review of the 2025 year-end surety results, we saw several carriers with increased loss activity. While there will always be those outliers, the overall surety industry remains a profitable business line for insurance markets.		While losses are constant in the industry, carriers are proactive and responsive to mitigating increased risk. We believe this will continue for the next 12 months.

Subcontractor Default Insurance

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ – 0% to 3%	Pricing remained generally stable for established, well-managed programs with low loss history. New buyers with a higher risk profile, or those with loss history, will pay a premium for their risk to the carriers.	↑ – 0% to 3%	Due to extremely large subcontractor exposures driven by data centers, there remains a systemic claims risk to SDI carriers going forward. If losses develop, we expect broad price increases. If they don't, pricing should remain stable.
Limits	↑	AXA XL recently increased their single loss limit to $100M to compete with Liberty at the top of the carrier offerings. Other carrier limits remain consistent with prior offerings.	↑	To respond to continued market demand for increased limits and coverages to match enrollments tied to larger project sizes, we expect the market to consider increasing limits.
Retentions	↑ –	Generally stable, but as program sizes increase, retentions naturally rise correspondingly. Engineering News-Record's Top 400 revenues were up 17% in 2025 from 2024, and SDI enrollments were up 21% in 2025, showing increased utilization of SDI.	↑ –	Like the first half of 2026, we expect this to follow individual program enrollment increases. Also, if loss history increases, carriers will push more of the retention layer to the client so they share in the "pain."
Coverage	–	Coverages have remained generally consistent, though some minor adjustments to policy language have occurred to align with claims experiences.	–	If data center claims development over the next few years doesn't shock the carriers, we expect coverages to remain flat as the competition between carriers keeps the market offerings balanced overall.
Carrier	–	Carrier participation remains stable, with seven providing primary coverage in the U.S. and three in Canada.	–	Despite a rise in enrollments and usage, we don't expect any new carriers for the next 12 months. This is partially due to the relatively limited pool of buyers, at roughly 450 or so in the U.S. and Canada.
Claims	– ↓	Although overall claim notices were down to flat versus prior years, recent developments have included larger losses, including limit losses. A notable default in New York resulted in very large losses across the industry.	–	Market forces like tariffs, energy costs and inflation will apply financial pressure on subs financial position. Labor remains a challenge as always and will continue to impact claims.

Construction Professional

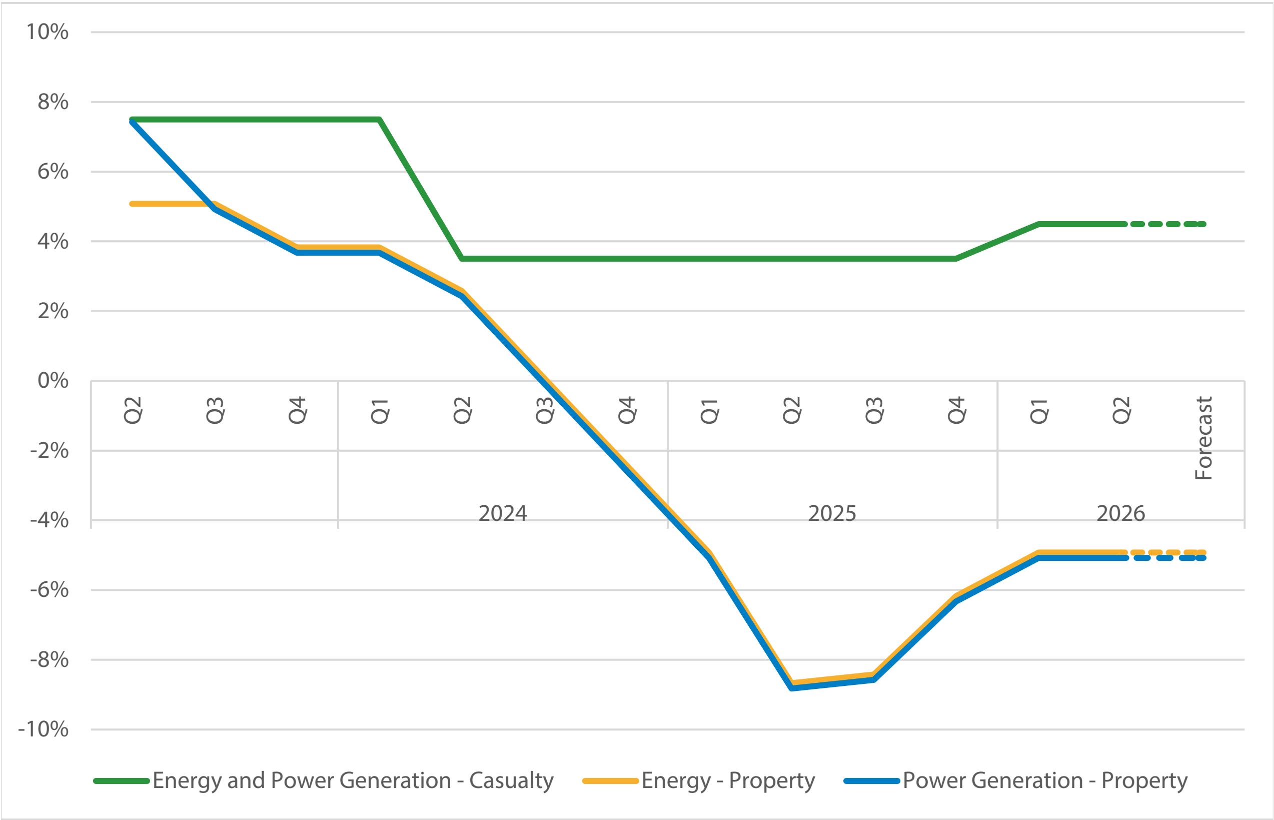
Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-10% to 10%	Pricing trends throughout the first half of 2026 remained within the established range of approximately -10% to +10%. Market conditions continued to be stable but highly differentiated by account. Firms with strong loss experience and lower-risk project profiles generally achieved flat to modest rate decreases, while higher-risk firms or those with adverse claims activity faced upward rate pressure.	-10% to 10%	Pricing is expected to remain stable within a similar range over the next 12 months. Rate movement will continue to be driven by firm-specific factors, including revenue trends, project mix and loss experience. Broader market competition and incremental capacity are expected to maintain modest downward pressure on well-performing risks.
Limits		Capacity remained stable year over year, with no material change in carrier appetite or line size deployment. While new entrants have contributed to overall marketplace depth, individual carriers maintained disciplined underwriting positions.		Capacity is expected to remain stable, with incremental support from newer market participants. However, no meaningful expansion in deployable limits from individual carriers is anticipated.
Retentions		Retention levels remained broadly unchanged year over year. Any shifts continue to be driven by account-specific risk characteristics rather than broader market movement.		Retention levels are expected to remain stable, with adjustments continuing to reflect individual firm risk profiles and loss experience rather than systemic market changes.
Coverage		Coverage remained largely consistent, with slight tightening in select areas. Carriers applied greater scrutiny to higher-risk exposures, though overall coverage breadth across the market remained stable.		Coverage terms are expected to remain largely unchanged. Continued monitoring of emerging exposures, particularly related to technology and AI, may drive targeted refinements rather than wholesale coverage changes.
Carrier		The carrier landscape remained stable, with consistent participation across incumbent markets and limited new entrant activity. Competitive dynamics are largely unchanged from earlier in the year.		The number of active markets is expected to remain stable, with the potential for select new entrants to modestly increase competition and capacity.
Claims		Claims frequency remained in line with historical norms. However, severity continued to trend upward. Cost pressures driven by labor escalation, material pricing and prolonged project schedules, along with increasing project complexity, contributed to elevated claim costs.		Claim frequency is expected to remain stable, while severity pressures persist. The market is likely to place increased emphasis on early dispute resolution, proactive risk management and clearer contract structures to mitigate exposure.

Wrap-Ups (OCIP and CCIP)

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to +10%	Social inflation and nuclear verdicts have driven liability loss costs up, but primary competition has encouraged some leveling of rates on the lower end.	0% to +10%	More markets competing for primary GL excess pricing in certain locations/projects is high relating to severity and as a result of domestic limited capacity. Excess markets, especially in London, are beginning to experience some pricing pressure on mega data centers.
Limits		Carriers have limited per-layer deployment to control nuclear verdict exposure, forcing multi-insurer towers.		Aggregate-management and venue risk result in restrained limit appetite on upper layers. Reinstatement challenges from overseas excess capacity on large projects.
Retentions		Rising claim severity has led insurers to raise retentions/attachments.		Sustained verdict severity keeps upward pressure on retentions.
Coverage		Litigation and large losses have prompted insurers to narrow wording and add further exclusions, though this is dependent on project type and location.		Loss experience driving restrictions can be overcome with well-documented risk controls. TRIA is due to expire at the end of 2027, although Congress is making early moves to extend the program to 2035. However, consideration of stand-alone terrorism programs should be provided on all major projects as a safeguard against the (unlikely) outcome that TRIA is not renewed.
Carrier		January 2026 treaty renewals improved primary appetite. Excess remained cautious on aggregate exposure.		Reinsurance support and new entrants may add casualty capacity if loss trends hold.
Claims		Litigation funding and larger jury awards have inflated settlement values across construction liability.		Tort-cost growth (~7%/yr) and venue dynamics sustain rising severity. However, where alternative dispute resolution is utilized on New York projects, it is having significant positive impact on claims performance.

Energy

Energy and Power Generation



Energy – Property

H1 Summary

The onshore energy property market remained highly competitive through the first half of 2026, driven by abundant capacity and continued carrier focus on growth and retention. Well-engineered, loss-free accounts continued to achieve single-digit rate decreases, while broader market outcomes were trending flat to modestly improving as the pace of softening moderates. External market data supports this trend, noting that pricing reductions persist despite prior loss activity, largely due to a structural oversupply of capital and intense competition among insurers. Carriers are deploying larger line sizes and actively competing for desirable risks, resulting in frequent oversubscription and allowing insureds to increase limits and enhance program structure without commensurate premium increases. Overall, capacity has remained a defining feature of the market, keeping conditions firmly in favor of buyers that can demonstrate strong engineering and risk quality.

At the same time, underwriting discipline continued to emerge in targeted areas, particularly for catastrophe (cat)-exposed, higher-hazard or loss-affected risks. While retentions were generally stable for well-performing accounts, insurers applied greater scrutiny around valuations, business interruption (BI) exposures and supply chain dependencies, reflecting both recent loss experience and broader macroeconomic and geopolitical pressures. Industry losses in refining and processing, along with rising claims severity, slowed but did not reverse the softening trajectory, reinforcing a more differentiated underwriting approach rather than broad market firming. **Looking ahead, absent a significant insured loss event, the market is expected to remain stable, with continued competition limiting any abrupt tightening and outcomes increasingly driven by risk quality, data transparency and preparedness at renewal.**

H2 Outlook

The onshore energy property market is expected to remain generally favorable through the second half of 2026, though with increasing focus on external risk drivers. While well engineered, loss free accounts should continue to achieve flat to modest single digit rate decreases, the trajectory of the market will be highly sensitive to the 2026 Atlantic hurricane season and broader cat activity. NOAA forecasts and industry commentary continue to indicate the potential for an above average storm season, which could introduce volatility, particularly for Gulf Coast and wind exposed energy assets. Insurers are closely monitoring aggregation exposures and are likely to respond quickly to any significant cat losses, which could slow or temporarily reverse current pricing momentum. At the same time, strong underlying capacity and competition remain intact, positioning the market to stay relatively stable absent a major loss event.

In parallel, geopolitical instability and macroeconomic pressures are expected to drive a more nuanced underwriting approach in the second half of the year, particularly around BI and contingent exposures. Ongoing tensions in the Middle East, combined with evolving global energy supply dynamics, are increasing carrier focus on supply chain dependencies, critical infrastructure and interconnectivity of assets, rather than direct property damage solely. This is further amplified by the rapid expansion of data centers, which are increasingly reliant on uninterrupted power generation and grid stability — creating heightened contingent BI exposure where a disruption at a single generation or transmission point can have cascading downstream impacts across both energy and technology sectors. U.S.-based oil and gas companies, particularly those with refining, liquified natural gas or export-oriented operations, may face heightened scrutiny around valuations, repair timelines and sourcing of specialized equipment as insurers assess the downstream impact of inflation and disruption risk. Despite these pressures, abundant capital and continued competition are expected to limit broad market hardening, with outcomes increasingly differentiated based on asset quality, geographic exposure, and the strength of risk engineering and underwriting submissions.

Energy and Power Generation – Property

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	Flat to -10%	Pricing remained flat to modest decreases for well-engineered, loss-free accounts. However, the pace of softening slowed as underwriting discipline and risk-specific differentiation increased.	Flat to -10%	Pricing is expected to remain generally competitive, with well-engineered, loss-free accounts achieving flat to modest single-digit reductions. Any firming is likely to be gradual and event-driven.
Limits		Capacity remained abundant across both domestic and London markets, with insurers continuing to expand line sizes and compete aggressively for high-quality risks. Oversubscription remained common on large programs.		Capacity is expected to remain abundant across both primary and excess layers, supporting continued flexibility in program design and limit optimization. Insurers will likely maintain a willingness to deploy meaningful line sizes for preferred risks.
Retentions		Retentions remained largely flat. Select upward pressure persisted for cat-exposed and higher-hazard assets, but there was no broad-based movement across the market, reinforcing a risk-specific rather than systemic approach to retention adjustments.		Retentions are expected to remain largely stable overall, particularly for accounts with strong loss performance and engineering controls. Incremental increases may be seen in cat-exposed or loss-affected segments, but broad-based upward pressure is not anticipated.
Coverage		Coverage terms remained competitive for well-engineered risks. Underwriting discipline persisted for more complex or higher-hazard exposures.		Coverage is expected to remain competitive with selective opportunities for enhancement. Insurers are likely to have targeted discipline around complex exposures.
Carrier		Carrier behavior was defined by continued competition and capital deployment. While no major capacity exits occurred, underwriter movement and selective appetite shifts contributed to competitive positioning, particularly across layered programs where oversubscription remained common.		Carrier behavior is expected to remain growth oriented. Select new entrants and managing general agent-driven capacity is still expected, but broader economic uncertainty is more likely to drive measured expansion rather than a surge of new market entrants.
Claims		Significant insured losses in 2026 have not materially altered market dynamics, as abundant capacity continues to place downward pressure on rates.		Claims activity will remain a key variable, with outcomes heavily dependent on the severity of the 2026 hurricane season and broader cat activity. In the absence of a major cat event, loss activity is expected to remain manageable but elevated in severity, with continued focus on refining exposures, supply chain disruption and BI driving underwriting scrutiny.

Energy – Casualty

H1 Summary

The energy casualty market remained relatively competitive through the first half of 2026, driven by stable capacity and continued carrier focus on growth and retention. Few segments experienced low single-digit rate decreases, while broader market outcomes were stable with moderate increases. **External market data supports this trend, noting that pricing increases have persisted due to a continued push to monitor excess capacity deployment, higher excess attachment points and social inflation (nuclear verdicts) due to auto and liability severity and long-tail exposure reduction.** Carriers were disciplined utilizing rate, attachment points and structures (retentions) as levers to maintain desired levels of book of business performance. Overall, capacity and carrier books of business remained stable.

At the same time, underwriting discipline continued to emerge with clients that have higher-hazard or frequency-related exposures. Retentions were generally stable for well-performing accounts, but insurers have tried to apply higher retentions where needed, despite broader macroeconomic and geopolitical pressures. Underwriters will continue to be selective with capacity on new business and expect insureds with fleet exposures to fully utilize telematics as part of their fleet risk management strategy. Absent significant increases in general liability and auto liability frequency, the market is expected to remain stable, with continued competition.

H2 Outlook

The 2026 outlook for casualty in the energy and power generation sectors reflects a market that is stabilizing but not softening in any meaningful ways. Pricing is expected to remain flat to modestly increasing, supported by continued loss severity, particularly in auto liability and general liability lines. While new capacity is entering the market and creating more competition, especially for well-managed risks, underwriters remain focused on maintaining profitability amid ongoing pressures from social inflation, litigation trends and nuclear verdicts. **As a result, the market is shifting away from broad rate firming and toward a more differentiated approach, where strong risks benefit from competitive terms while higher-hazard or loss-impacted accounts face continued scrutiny and tighter outcomes.**

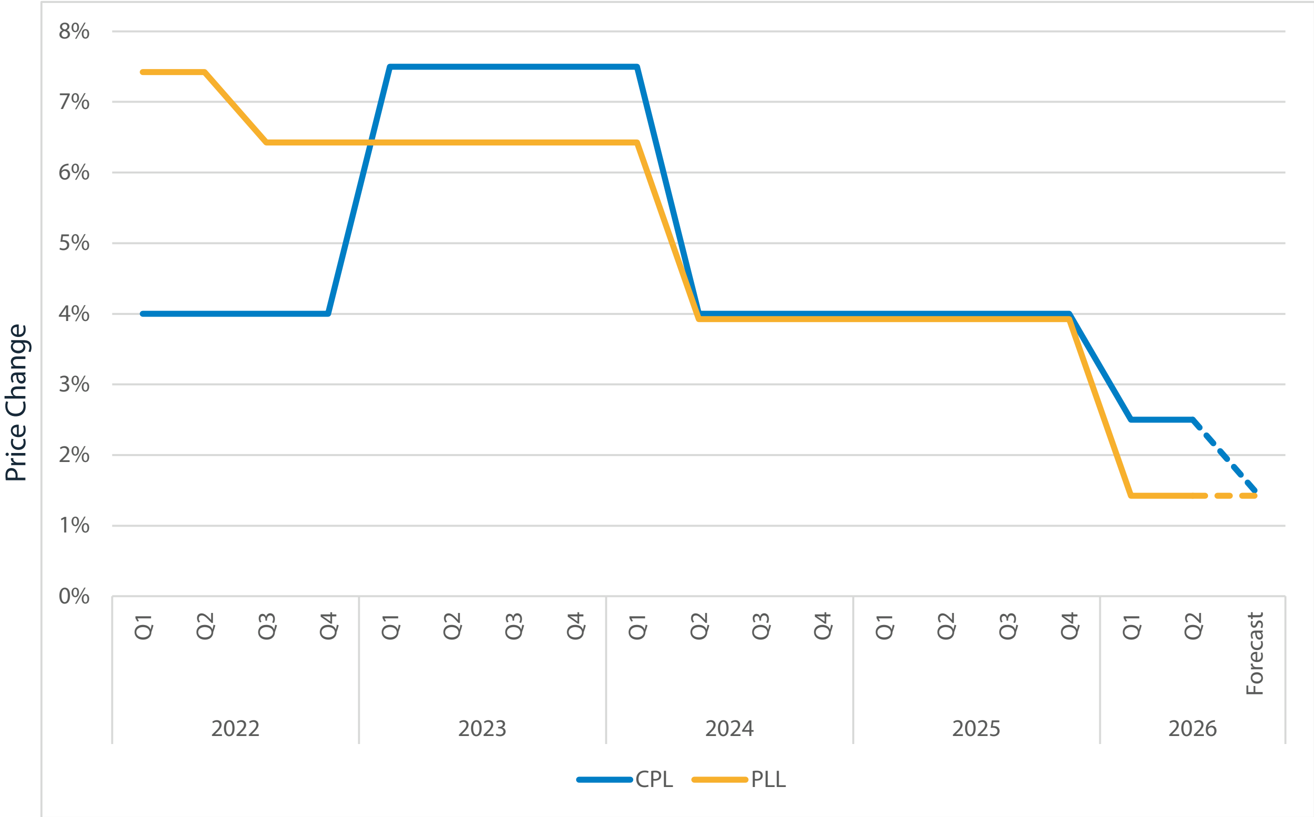
Underwriting discipline is expected to remain a defining feature of the casualty landscape through 2026. Carriers continue to push higher retentions and attachment points, selectively deploy limits and refine coverage by reducing exposure to long-tail and high-severity risks. Even in segments with abundant capacity such as downstream and power generation, competition is primarily benefiting top-tier accounts, while others may see tighter terms or more structured programs. Overall, the outlook points to a balanced but disciplined market with stable pricing and improving capacity, but with increasingly selective underwriting where outcomes will be dependent on risk quality and operational controls.

Energy and Power Generation – Casualty

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ 3% to 6%	Pricing moved up modestly, but the market has largely stabilized. The underwriting shift is around higher retentions (for larger risks), maintaining tighter excess attachment points and continued scrutiny on auto and catastrophic exposures.	↑ 3% to 6%	Pricing is expected to remain generally competitive, with loss-free accounts continuing to achieve modest single-digit increases. Loss severity, social inflation and auto liability trends will continue to push rates slightly positive.
Limits	—	Limits were generally stable to increasing for good risks, but structure continued to tighten with higher attachment points and more selective capacity deployment.	—	Limit will continue to be stable even with new entrants adding capacity to the U.S. market. Even with new capacity, underwriters will continue to be selective with capacity deployment while also pushing for higher attachment points.
Retentions	↑ —	Retentions increased moderately due to loss severity and nuclear verdicts. Carriers increased primary retentions selectively, while clients attempted to reduce retentions in the current economic environment.	—	Retentions are expected to remain largely stable overall, particularly for accounts with strong loss performance and exceptional controls. Incremental increases may be seen in frequency-affected segments, but broad-based upward pressure is not anticipated.
Coverage	—	Coverage tightened selectively but not broadly. Underwriters continued to review accounts with greater scrutiny and targeted exclusions on specific exposures.	—	There is no expectation of broad softening or hardening on coverage, but underwriters will continue with discipline on classes of business that continuously present long-tail liabilities and/or other emerging complex liabilities for their companies.
Carrier	—	Carrier behavior was defined by continued competition and capital deployment. While no major capacity exits occurred, underwriter movement and selective appetite shifts contributed to competitive positioning, particularly across layered excess towers.	—	Carrier behavior is expected to remain growth-oriented, supported by strong balance sheets and continued profitability across the casualty sector. While new entrants are still expected, broader economic uncertainty is more likely to drive measured expansion rather than a surge of new market entrants, with most competition continuing to come from existing carriers with newer underwriters.
Claims	↑	Significant insured losses in 2026 have not materially altered market dynamics, as abundant capacity continues to place downward pressure on rates.	—	Claims activity over the next 12 months remains a key variable, with outcomes dependent on loss frequency and severity in the auto line business.

Environmental

Contractors Pollution Liability, Site Pollution Liability



Environmental

H1 Summary

Similar to 2025, in the environmental marketplace we saw a broad array of carriers with specialized appetites around more hazardous operations and contaminated properties. For more benign operations and sites, the available coverage in the marketplace remained fairly broad.

Premium increases held steady at anywhere from 1% to 3%, depending on the type of environmental insurance coverage. Many carriers provided flat renewal pricing in the face of competition.

H2 Outlook

We anticipate that deal flow for new environmental transactions will continue to increase. There is also a growing awareness of environmental conditions and lack of environmental coverage in other lines. We anticipate an increase in interest for environmental coverage as more people become aware of how environmental issues can impact their transactions and day-to-day operations.

Restrictions and exclusions continue for emerging constituents such as PFAS.

- Multiyear policy terms are available. Markets are evaluating duration and capping terms to three years on larger multisite risks. Longer terms of five to 10 years are available for transactional placements and smaller portfolios.
- Construction products are offered for one or two years on a practice basis and with policy terms of up to 15 years for projects including completed operations periods.

Contractors Pollution Liability (CPL)

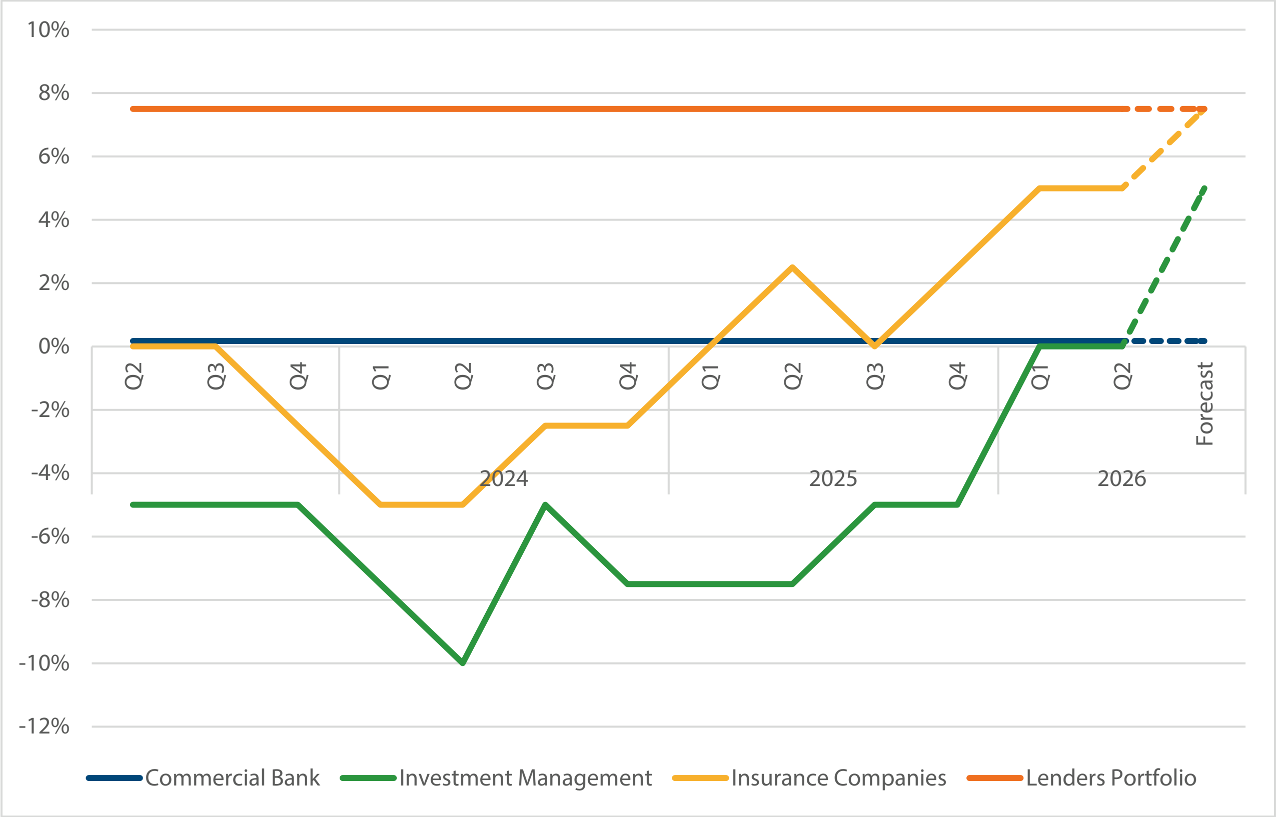
Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ 2% to 3%	The marketplace remained very competitive for this product.	↑ 1% to 2%	We expect very minimal increases in renewals.
Limits	—	High-policy limits towers were available but varied greatly based on the industry class size and exposure.	—	For most CPL risks, ample limits are available for deployment.
Retentions	—	$1,000 to $10,000 retentions remained available for most small/medium size contractors and $25,000 retentions for larger firms.	—	No changes expected from H1.
Coverage	—	Coverage remained broad for CPL with some PFAS exclusions applying.	—	No changes expected from H1.
Carrier	—	Several new carriers entered the markets.	—	New market entrants will foster additional capacity.
Claims	—	No major changes.	—	No changes expected from H1.

Site Pollution Liability (PLL)

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ 1% to 2%	Slight increases on renewals were felt. Otherwise, the marketplace continued to be competitive when carriers competed.	↑ 1% to 2%	No changes expected from H1.
Limits	–	There was not over $600M in theoretical capacity available in the environmental marketplace. New carriers entered the market. Most markets deployed capacity in $10M to $15M tranches.	–	New market entrants will foster additional capacity.
Retentions	–	Retentions are used as an underwriting tool to address specific risk exposure and have shifted upwards in the last few years. Retentions are customized during the underwriting process.	–	No changes expected from H1.
Coverage	–	PFAS exclusions continued to emerge and 10-year deals were still available.	–	No changes expected from H1.
Carrier	↑	New carriers entered the market.	↑	Additional entrants to the market will boost capacity.
Claims	↑ –	There was a continued focus on emerging contaminants and new legislation regarding them.	↑ –	Climate concerns and environmental, social and governance initiatives will drive more loss activity on environmental policies through increased regulatory enforcement.

Financial Institutions

Commercial Banks, Investment Management, Insurance Companies, Loan Portfolio



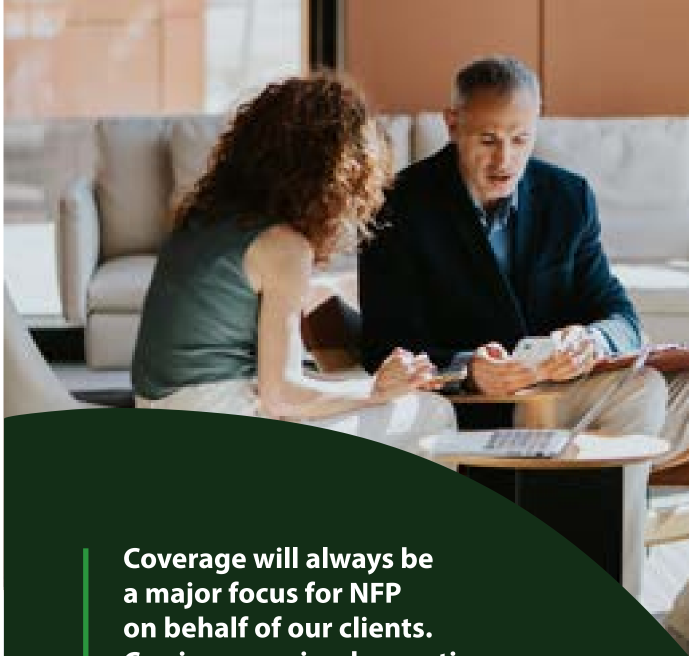
Financial Institutions

H1 Summary

The first half of 2026 saw broadly stable marketing conditions, with many 2025 trends continuing through the end of June. The primary exception was the insurance company sector (professional liability in particular), where continued meaningful claims activity and significant undeveloped exposure drove more market movement/uncertainty. Pricing and retentions were steady across most of the financial institutions (FI) portfolio, while rate pressure persisted for claim-free accounts and those with active mergers and acquisitions (M&A) activity. Carrier participation was roughly flat, with a relatively quiet half for market consolidation. Capacity remained generally available, except for the still-limited market for primary or low-attaching insurance company professional liability (ICPL) layers.

Bank and credit union market conditions remained stable, with underwriters continuing to focus on profitability and elevated claims activity related to bankers professional liability (BPL) and FI bond exposures. Smaller and mid-market investment managers (AUM <$50B) continued to be the most competitive segment throughout the first half, though we did see some signs of tightening. ICPL remained challenging, as carriers held firmer positions on rates, primary retentions and deployed capacity. Excess market competition stayed healthy, as carriers looked for pockets of opportunity and areas for portfolio growth.

Carrier underwriting priorities were broadly unchanged from the prior period. We continued to see an increase in client use/development of AI and other technology platforms as main drivers of their business, leading to the underwriting community digging further into those exposures. The market has not made broad changes to address those exposures, but this is certainly something to monitor. For banks, key areas of focus included interest rates, profitability, credit concentration, deposit and funding sources, and, in certain cases, M&A. Investment management underwriters remained focused on strategy and performance, while some carriers broadened appetite into historically less-favored strategies, including digital currency and other higher-risk areas. Carriers also continued to evaluate insurance company clients for potential bad-faith exposures and performance-related concerns, particularly those involving social inflation, tort reform, litigation financing and nuclear verdicts. The regulatory environment has slowed/loosened under the current administration – as evidenced, for example, by the most recent large bank stress test process and results – but remains an ongoing area of focus.



> **Coverage will always be a major focus for NFP on behalf of our clients. Carriers remained receptive to improvements for clients with strong risk profiles. However, given the significant coverage expansion achieved in recent renewal cycles, material changes have remained limited in 2026 thus far. Strong controls remain a priority for cyber and FI bond exposures, particularly as AI advancements and increasingly sophisticated deception methods continue to reshape the risk environment.**

2025, driven by familiar themes such as ICPL losses, including auto liability bad faith, cost-of-insurance disputes, and sales and marketing claims — and FI bond losses, including fraudulent transfer, social engineering and theft. The larger asset management space remains mindful of elevated claims and litigation activity that occurred in 2025, largely related to cost-of-correction issues and operational errors rather than a single emerging theme. Overall, defense costs and total claim values continued to rise.

Financial Institutions

H2 Outlook

The FI marketplace is expected to remain stable through 2026, noting a slight lean toward hardening market conditions in certain pockets. Market participation remains strong despite several exits during 2025, noting several pending transactions/new entrants – for example, the pending Beazley/Zurich transaction and Aviva making an entrance in the U.S. specialty space. Additional similar activity is possible over the next year, but carrier participation and capacity are expected to remain plentiful. The coverage environment should also remain favorable. The regulatory landscape will remain an area of focus, as the current administration's more relaxed approach to prior regulatory priorities should result in fewer enforcement actions. These expectations assume no significant shifts in litigation or claims activity and may change if capital markets or M&A activity increases meaningfully. We will also continue to monitor the Middle East conflict along with broader trade negotiations, tariff policies and geopolitical uncertainty, all of which may affect broader economic conditions and FI clients.

Consistent with first-half performance, the bank insurance market is expected to remain stable to competitive in the second half of 2026. Bank financial performance saw continued areas of improvement. Economic metrics have thus far not supported further benchmark rate cuts in 2026 as rates held steady, though the new Fed chair is expected to pressure that trend. Bank M&A activity increased in 2025 across both large transactions, including PNC/FirstBank and Fifth Third/Comerica and smaller bank deals, with continued activity expected through 2026. Underwriting focus areas should remain consistent, including credit concentration (particularly commercial real estate), capital ratios and funding sources such as brokered deposits. Capacity, especially for excess participation, is expected to remain strong.

The investment management sector is also expected to remain generally consistent through 2026. While there is not a specific trend to point to, prior litigation in the large investment manager segment seems to have dissipated in 2026 but will continue to be monitored. Market conditions should remain stable for accounts without claims or M&A activity. Strong competition is expected to continue for small and midsize investment managers, as many carriers remain focused on growth in this segment and are offering competitive coverage, pricing and retentions to support that strategy. That said, we have begun to see some carriers push for increased rates in this space, which is a trend worth monitoring.

> **For insurance companies, ICPL-related challenges are expected to persist.**

The primary market E&O will remain limited for insurance company clients, although key participants continue to support the space with disciplined underwriting, measured terms and an interest in supplementing ICPL with other lines to broaden client relationships and premium opportunities. This is expected to remain the most challenging segment of the FI portfolio in 2026, but overall market conditions should remain healthy.

Market conditions for loan portfolio coverage are expected to remain consistent with prior expectations. Moderate rate increases should continue in the real estate sector as the market adjusts to primary market shifts, catastrophic events and broader economic conditions. Auto insurance rates are also expected to keep rising due to increased losses and higher delinquency rates, with carriers seeking higher rates and deductibles to offset anticipated loss pressure.

Claims trends in the second half of 2026 are expected to broadly track first-half activity. Key claims areas for FI will continue to include E&O/professional liability, FI bond and cyber exposures. The regulatory environment should result in more muted claims activity in that area, although a more active M&A environment could generate related claims. Employment practices liability (EPL) activity has increased across financial institutions, and that trend may continue through 2026.

Commercial Banks

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-5% to 5%	Financial lines pricing held firm through H1, with modest decreases for banks with strong risk profiles. Core drivers – D&O, BPL and EPL – showed little movement, while cyber and FI bond remained areas of focus. Cyber pricing has firmed further following a prolonged soft market.	-5% to 5%	The bank insurance market is expected to remain broadly stable through 2026. That said, recent economic developments spurred by the conflict in the Middle East may weigh on the market overall should oil prices and interest rates remain elevated and affect bank performance.
Limits	↑	Several carriers showed greater appetite to deploy larger limits on bank programs when supported by strong underwriting. However, key sublimits – particularly social engineering fraud – remained constrained due to persistent claims activity.	↑	We expect this trend to continue for the remainder of the year, with capacity increases on both excess and primary. Some key sublimits will likely remain restricted as some specific types of claims continue to exhibit higher frequency.
Retentions	–	Retentions held firm, with no meaningful downward movement through the period. Heightened market competition continued to pressure this trend but did not materially shift retentions in the first half of 2026.	–	Retentions are expected to remain broadly stable, with limited justification for reductions until claims frequency improves. While some banks may consider higher retentions in exchange for premium savings, carriers do not view the market as warranting broad-based retention decreases in the coming year.
Coverage	↑	The standard market broadened further amid growing primary appetite and stronger carrier interest in commercial bank risk. Competitive dynamics drove favorable coverage terms and incremental policy enhancements through the first half.	↑	Despite uncertainty around some underwriting factors and litigation risk, strong bank risks should continue to see coverage enhancements driven by competitive bidding and increased primary appetite. Potential regulatory easing should persist but could be offset should economic conditions deteriorate.
Carrier	–	Following the acquisition of Intact's community bank book by ABA Insurance Services earlier this year, no new entrants have materialized. Carrier appetite remained steady, and the competitive landscape was largely unchanged.	↑	Market volatility has reshaped carrier participation on bank programs in recent years. While near-term changes are unlikely, newer carriers may enter or add capacity.
Claims	↑	Professional liability and FI bond claims remained the primary loss drivers for commercial banks. FI bond claims – particularly social engineering, wire fraud, check forgery and unauthorized signatures – have trended upward in recent years and continue to affect results.	↑	Claims activity remains elevated, with social engineering and business email compromise on an upward trajectory. M&A volume has increased – particularly among larger institutions – and heightened regulatory discussions could generate additional claims alongside a rise in de novo bank formations.

Investment Management

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-5% to 5%	Flat renewals became the norm in the most recent period for mid-market asset managers. Carriers are starting negotiations with increases but often settling at flat. The larger asset manager space remained a bit more challenging.	0% to 10%	We expect that markets will become more insistent on looking for increases. Ample capacity should help moderate any increases experienced. More volatility will remain in the large manager space.
Limits		Carriers continued to deploy ample limits, and we didn't see attempted capacity reductions on our programs.		As the investment advisory space remains generally profitable, we would not anticipate insurers looking to reduce deployed limits over the next 12 months.
Retentions		We continued to see carriers lower retentions, at least for the most pristine risks. Retentions are lower than they have been for many years. Similar to pricing, larger managers are seeing a firmer retention environment.		Retentions are so competitive now in the mid-market space that we don't foresee much further downward movement. For larger risks, we expect that we will continue to see retention relief in certain cases on renewals.
Coverage		Coverage in this space has been very broad for a long time, and that continues with no clear coverage trend in claims activity/payments. Questions remain on certain topics – e.g., AI, digital currencies, private credit – but thus far no resulting changes have been made to coverage.		We expect that terms will remain very favorable to our clients. Even if the market starts to firm as expected over the next 12 months, we would expect carriers to be more focused on premiums and retentions than restricting coverage.
Carrier		Carriers and capacity remained mostly static, both domestic and abroad.		We did see some carriers exit the space over the past year, and we expect there could be other consolidation in the next year. However, carriers will stay focused on investment management as a key growth area in FI.
Claims		We have seen a decrease in activity by regulators as the Trump administration's priority to reduce oversight started to take real effect. Claims related to private equity, EPL and cyber/ransomware are still common.		This reduction in regulatory oversight is expected to continue through the current administration's tenure. That said, we would still expect the frequency and severity of claims to continue to rise.

Insurance Companies

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-5% to 15%	Pricing remained relatively stable in H1 2026, with a continued focus on rate in ICPL.	0% to 15%	Within ICPL, we expect carriers will continue to pressure pricing on that line as more of the large verdicts work through the system. Other lines are expected to be stable, and we will monitor the potential for some slight hardening.
Limits		Capacity in the insurance company sector was largely unchanged, again with a focus on managing ICPL limits.		Ample capacity remains in the FI marketplace overall and is expected to continue for insurance company clients. The ICPL space could see capacity cuts or structure changes pending final outcomes of the outstanding claims.
Retentions		Following multiple periods of retention action, retention levels were consistent. ICPL retentions continued to see upward pressure (particularly in certain classes), with retention at least equally important to carriers as rate.		Retentions are expected to remain stable over the coming year, as most carriers have likely reached their minimum retentions on all lines.
Coverage		Carriers kept coverage fairly broad, with little to no major change in the first half of the year.		We expect coverage to remain a focus but largely stay stable. Continued underwriting focus will be on use of AI, digital currencies and makeup of insurance company investment portfolios (i.e., nontraditional investments like private credit and non-depository lending).
Carrier		The carrier mix also remained stable in this space. The primary ICPL market continued to be limited, but otherwise this class of FI has seen little change in carrier mix.		Carrier interest in the insurance company space should remain steady aside from any potential changes on ICPL appetite as noted above.
Claims		ICPL continued to show increased severity in the first half of the year, with multiple eight- to nine-figure verdicts in the past year. Claims frequency and severity has otherwise remained steady.		The main claims driver will remain ICPL claims, particularly bad faith and life-related matters. Increasing plaintiff sophistication, litigation financing and nuclear verdicts will persist, while other claims trends should broadly track the FI sector.

Loan Portfolio — Lender's Single Interest, Mortgage Impairment & Mortgage Hazard

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ 5% to 10%	Real estate insurance began to flatten out in H1 2026, driven by a retreat from residential markets by primary carriers, limited reinsurance availability and surging replacement cost valuations. On the auto side, while delinquency rates continued to rise, pricing for lender's single interest (LSI) coverage began to stabilize after prior volatility.	↑ 5% to 10%	Rates are expected to remain flat to slightly increase depending on the portfolio mix of properties as carriers recalibrate in response to catastrophe exposure and economic uncertainty. LSI pricing will trend upward, with carriers adjusting rates and deductibles to counteract rising loss ratios and borrower defaults.
Limits	↑ –	Standard mortgage hazard limits continued to hold steady, but higher limits remained accessible for commercial lenders on a stand-alone basis. LSI coverage was capped at $100,000 per collateral item, though elevated limits were available based on asset type and portfolio structure.	↑ –	Residential limits are expected to remain consistent, but commercial portfolios may see upward adjustments as market volatility continues. On the auto side, LSI limits are expanding, with some carriers offering coverage up to $150,000 to $250,000, depending on collateral class.
Retentions	–	Deductibles for mortgage hazard and flood coverage remained stable. LSI policies shifted away from the traditional $0 deductible. New policies are coming in with $500 deductible from the start.	–	Higher deductibles are expected to become the norm, especially in commercial real estate portfolios with larger limits and investor portfolios looking to reduce cost. LSI programs phase out $0 deductibles, and carriers are exploring separate deductible structures by coverage type to better manage exposure.
Coverage	–	Coverage terms and availability remained largely unchanged in H1 2026, with no major disruptions or enhancements across standard programs.	–	Coverage offerings are expected to remain consistent over the next year, with no significant shifts anticipated in terms or availability.
Carrier	–	Insurers remained actively involved in mortgage hazard, impairment coverage and investor-backed portfolios. Interest in auto portfolios waned as rising delinquencies and defaults prompted more conservative underwriting.	–	Carrier appetite for mortgage-related risks is expected to hold steady. In contrast, auto portfolios may face tighter underwriting and reduced carrier interest as loss trends continue to deteriorate, especially in high-delinquency segments.
Claims	↑	Real estate claims remained stable in both frequency and severity. Auto claims continue to spike in physical damage claims primarily due to our high skip locate rates, driven by borrower defaults and voluntary vehicle surrenders.	↑	Real estate claims are projected to remain steady while auto claims will likely stay elevated. With delinquencies at record highs, insurers anticipate continued increases in both frequency and severity, especially in skip and damage-related losses.

Law Firms

Lawyers Professional Liability (E&O), Cyber for Law Firms, Employment Practices for Law Firms, Management Lines for Law Firms (D&O, Fiduciary and Crime)

Law Firms

H1 Summary

Lawyers Professional Liability (E&O)

Through the first half of 2026, law firms actively pursued mergers and acquisitions to drive scale, improve operating efficiency and expand service offerings. Competitive pressure to broaden geographic reach and deepen client capabilities has accelerated consolidation activity, making integration execution and cultural alignment central themes across transactions.

From an insurance market perspective, carriers have largely maintained disciplined capacity management while continuing to push for rate adequacy, particularly on accounts with exposure complexity or loss activity. At the same time, portfolio diversification has remained a key underwriting priority.

AI adoption across law firms advanced significantly in the first half of 2026, delivering meaningful efficiency gains while surfacing new areas of professional liability risk. Firms are increasingly using AI for drafting, research and operational workflows, but growing reliance on these tools has heightened concerns around accuracy, oversight and compliance with professional standards.

Private equity interest in the legal sector accelerated through the first half of 2026, with capital increasingly directed toward management services organizations, alternative business structures and technology-enabled platforms. While these models are creating new avenues for growth, they are also introducing added complexity around independence, governance and regulatory compliance.

> **Across the board, firms that have prioritized proactive risk management, data-driven placement strategies and close collaboration with brokers have been best positioned to secure optimal coverage outcomes and navigate an evolving risk and transaction environment.**

H2 Outlook

Looking ahead to the second half of 2026, law firms are expected to continue pursuing mergers and acquisitions to drive scale, enhance operating efficiency and expand service offerings. Competitive pressures to broaden geographic reach and deepen client capabilities are likely to sustain consolidation activity, with successful integration, execution and cultural alignment remaining critical to achieving intended value.

In the second half of 2026, the lawyers professional liability market is expected to see the entry of several new managing general agents, bringing additional underwriting capacity and targeted product offerings. These entrants are likely to focus on specific market segments, particularly small to midsize firms, specialty practices and excess layers, where they can deploy capital selectively and leverage differentiated underwriting approaches.

AI adoption is expected to continue expanding across law firms in the second half of 2026, requiring a more disciplined approach to risk management. Insurers will focus on how firms implement and govern AI, with particular emphasis on documented controls, human oversight and clear policies around use. Underwriting scrutiny will center on ensuring that AI-supported work aligns with established professional standards, with firms that demonstrate strong governance, validation protocols and training viewed more favorably in risk selection and pricing.

Private equity interest in the legal sector is expected to persist into the second half of 2026. However, increasing regulatory scrutiny in key jurisdictions such as California, Colorado and Illinois, along with continued enforcement of strict fee-sharing and non-lawyer ownership rules in states like Florida, Georgia, New York and Texas, may limit the viability and structure of management services organization arrangements. As a result, capital is likely to shift toward alternative models and technology-enabled platforms that can operate within evolving and highly fragmented state frameworks. While these developments may create more measured growth opportunities, they will also heighten scrutiny around independence, governance and regulatory compliance.

Lawyers Professional Liability (E&O)

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to 3%	Law firms with a clean loss history will continue to see favorable rates moving forward. Firms with substantial losses, however, could see their rates impacted more adversely.	0% to 3%	With claims severity on the rise, long-term rates could possibly see an increase, but rates aren't expected to change in the next 12 months.
Limits		Most carriers cap limits at $5M, with some offering up to $10M. Quota share usage has increased, and excess capacity remains available up to $10M depending on attachment.		Limits capacity and management from carriers will remain unchanged.
Retentions		Retention for law firms remained stable.		No expected industry shift for law firm retentions is foreseen.
Coverage		No major coverage changes to note.		AI exposure may shift from "silent" coverage to defined treatment, with potential endorsements, exclusions and reliance on governance and controls.
Carrier		A few carriers in Argo and Vantage exited the space during the first half of 2026.		We expect the addition of a few managing general agents to enter the space during the second half of 2026.
Claims		Claims severity continued to be on the rise and seemed to be the main concern for insurers.		With claim severity and defense costs rising due to social inflation, insurers are increasingly focused on early identification and resolution of high-risk matters to control litigation spend and mitigate outsized losses.

H1 Summary

Cyber Liability

The cyber liability insurance market for law firms in the first half of 2026 remained stable overall, with pricing holding steady early in the year due to expanded carrier capacity and strong competition. Most firms experienced renewals in the flat to +5% range, as increased market participation helped offset upward pressure from certain carriers. **Notably, some newer markets that had previously been aggressive in targeting law firms began pushing for rate increases following adverse claims experience, though brokers have generally been able to leverage competition to maintain favorable outcomes through remarketing.**

At the same time, underwriting discipline continued to tighten, with heightened scrutiny on cybersecurity controls remaining a consistent theme. Carriers are placing increased emphasis on core controls such as multifactor authentication, endpoint protection, incident response planning and employee training, and are differentiating pricing and terms accordingly. While pricing conditions remain relatively stable, ongoing claims activity in the legal sector and carrier performance will continue to influence market direction moving forward.

H2 Outlook

Looking ahead to the second half of 2026, the cyber liability insurance market for law firms is expected to shift toward a harder market environment, driven by deteriorating loss trends and growing concern among carriers about the legal sector's risk profile. Following a period of stable pricing and ample capacity, insurers are increasingly reacting to elevated claims activity and sector-specific exposures by pulling back capacity and taking a more conservative underwriting posture. This shift is particularly pronounced within the legal industry, where the frequency and severity of incidents continue to rise, prompting carriers to reassess appetite and pricing adequacy.

A key catalyst behind this market tightening is the recent FBI alert on the Silent Ransom Group (Luna Moth/Chatty Spider), which highlights an evolving and highly targeted threat environment for law firms. The group has consistently targeted U.S. law firms through sophisticated social engineering tactics, including impersonating IT personnel and gaining access to systems to exfiltrate sensitive client data for extortion. This campaign, along with broader trends showing an increase in both the frequency and severity of cyber incidents in the legal sector, is directly influencing carrier sentiment and underwriting behavior. Insurers are increasingly concerned about data exfiltration-driven losses, reputational exposure and the heightened likelihood of firms paying ransoms due to the sensitive nature of their data.

As a result, law firms should expect pricing increases in the range of 10% to 20% at renewal, along with upward pressure on retentions and tighter program structures. Carriers are likely to be more selective in deploying capacity, especially on larger or more complex placements, and may look to reduce line sizes or limit participation on certain risks. At the same time, scrutiny around cybersecurity controls will be as important as ever, with a particular emphasis on employee training and awareness. Given that many of the recent attacks are rooted in social engineering and human interaction, insurers are placing heightened importance on firms' ability to prevent and respond to these threats through training, verification protocols and incident response preparedness.

Cyber for Law Firms

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to 5%	Pricing remained largely stable for law firms, with expanded capacity and competition keeping most renewals in the flat to +5% range.	10% to 20%	Pricing is expected to increase by 10% to 20% for law firms, as carriers pull back capacity and react to rising claims and targeted threats.
Limits		Limits available in the first half of 2026 remained strong for law firms, with ample insurer participation and competition.		Limits available are expected to tighten for law firms, as carriers pull back deployable limits in response to adverse claims and targeted threats.
Retentions		Retentions remained stable.		Retentions are expected to increase, with carriers pushing for higher deductibles as they react to rising claims and tightening capacity.
Coverage		Coverage remained strong through the first half of the year.		Changes to coverage are not expected to change with the evolving market.
Carrier		Capacity remained strong, with ample carrier participation allowing law firms to access higher limits. Toward the end of the first half of the year, carriers started to increase rates based on claims activity.		Capacity is expected to tighten, with carriers reducing deployed limits and becoming more selective, which will make towers harder to complete.
Claims		Claims activity remained elevated but manageable, with steady frequency across data breaches, business email compromise and ransomware events driving continued carrier caution.		Claims activity is expected to worsen, driven by targeted campaigns against law firms and increasing severity, putting upward pressure on pricing and underwriting.

H1 Summary

Employment Practices Liability

The employment practices liability insurance market in the first half of 2026 remained largely stable from a pricing and deductible standpoint, with most firms seeing little movement at renewal. Despite this overall stability, certain geographies such as California, New Jersey and New York continued to present challenges due to more adverse claims environments and stricter underwriting scrutiny.

At the same time, capacity remained tight across the market, limiting carrier flexibility and contributing to more disciplined underwriting. In tougher jurisdictions in particular, insurers maintained a cautious approach, often restricting limits or participation, which required more strategic program structuring to secure adequate coverage.

H2 Outlook

The employment practices liability insurance (EPLI) market is expected to firm, with pricing increases driven by continued unprofitability, rising defense and litigation costs, and elevated claims activity. Carriers are likely to maintain a more disciplined underwriting approach as they seek rate adequacy across their portfolios.

Challenging jurisdictions such as California, New Jersey and New York are expected to remain difficult to place, while capacity is likely to stay limited but stable, requiring careful program structuring to secure appropriate limits.

H1 Summary

Management Liability (D&O, Crime, Fiduciary)

The management liability insurance market, including D&O, crime and fiduciary lines, remained largely stable in the first half of 2026, with minimal movement in pricing across most accounts. Carriers continued to compete for well-performing risks, helping maintain consistent premium levels and overall favorable renewal outcomes.

Cyber-driven crime claims, however, remained a key area of concern, particularly within the legal sector. Loss activity tied to social engineering, funds transfer fraud and invoice manipulation continued to persist, reinforcing underwriting focus on these exposures. As a result, carriers placed increased emphasis on controls around the movement of funds, with many requiring enhanced verification procedures, dual authorization and employee training as critical components of risk management.

H2 Outlook

The management liability marketplace is expected to remain largely stable from a pricing standpoint, with the exception of modest increases in crime coverage driven by ongoing claims activity. D&O and fiduciary lines are expected to hold steady.

At the same time, there will be a continued and heightened emphasis on controls, particularly around funds transfer procedures and social engineering risk. Insurers are expected to reinforce underwriting requirements tied to verification protocols, dual authorization and employee training, as these controls remain critical in mitigating loss activity across law firm clients.

Employment Practices for Law Firms

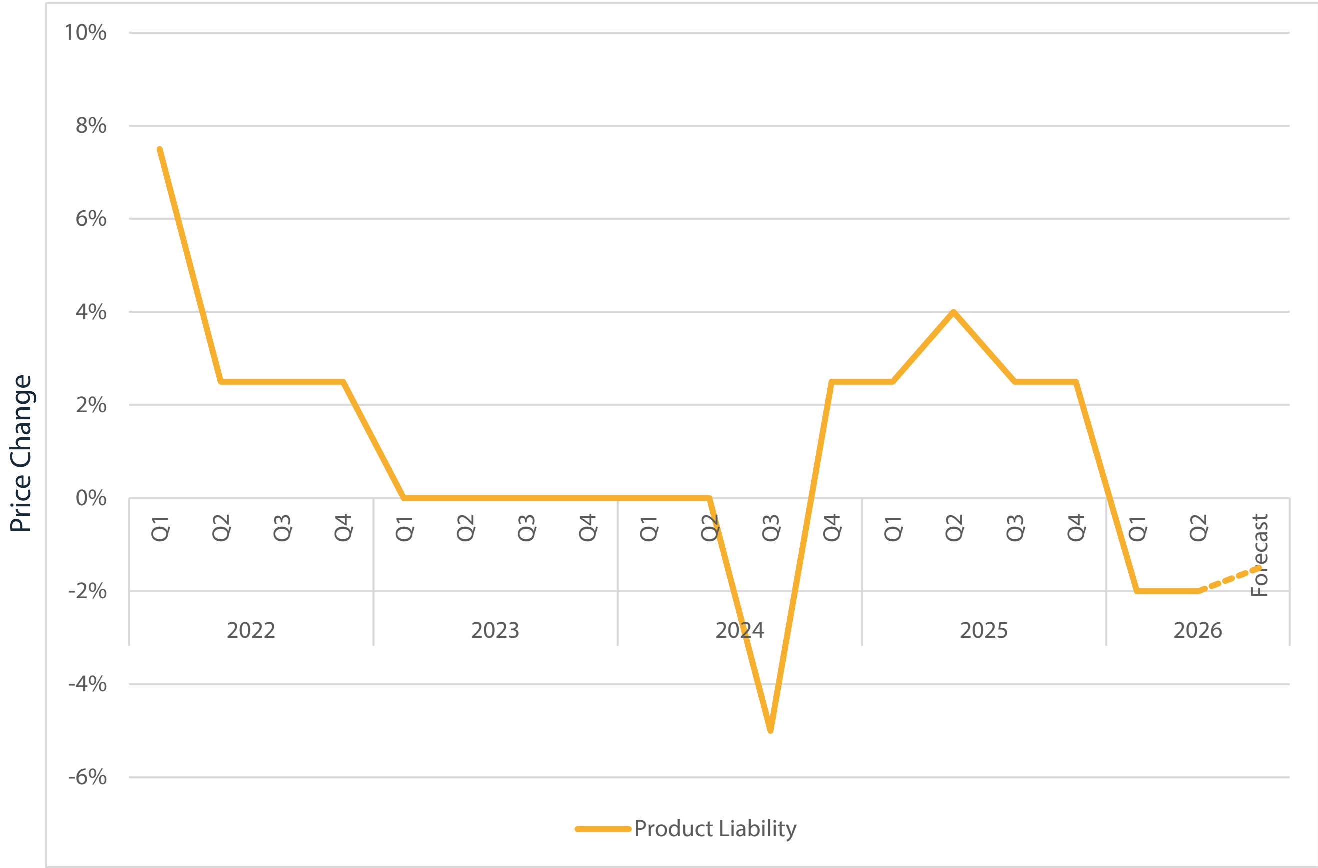
Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to 5%	EPLI pricing remained largely stable, with most firms seeing flat renewals or modest increases up to around 5%, supported by continued competition among carriers.	10% to 20%	Pricing is expected to trend upward, as carriers respond to rising claims, increasing defense and litigation costs, and ongoing profitability pressures.
Limits		EPLI limits remained constrained but generally stable, with carriers managing line sizes but still supporting program builds in most cases.		Limits are expected to remain tight and more selectively deployed, as carriers continue to manage capacity in response to rising loss costs and claims pressure.
Retentions		EPLI retentions remained largely stable, with modest increases primarily driven by loss history or high-risk jurisdictions.		Retentions are expected to trend upward, as carriers push for higher deductibles to offset rising claims severity and defense costs.
Coverage		There have not been any changes to coverage in the market.		Coverage is not expected to change with the evolving market.
Carrier		EPLI carrier capacity was stable but somewhat constrained, with carriers actively managing line sizes while still supporting most placements.		Capacity is expected to remain limited and more selectively deployed, as carriers maintain a cautious approach amid rising claims and cost pressures.
Claims		EPLI claims activity remained elevated but stable, with ongoing litigation and rising claim frequency contributing to a steady claims environment.		Claims are expected to increase in both frequency and severity, driven by social inflation, rising defense costs, and continued regulatory and workplace pressures.

Management Lines for Law Firms (D&O, Fiduciary and Crime)

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to 5%	Pricing across management liability lines remained largely stable, with competition supporting consistent renewal outcomes for most firms.	0% to 5%	Pricing is expected to remain stable overall, with modest increases in crime coverage driven by ongoing claims activity and loss trends.
Limits		Limits across management liability lines remained stable and readily available, with carriers continuing to support program structures for well-performing firms.		Limits are expected to remain stable overall, though carriers may be more selective on crime placements given ongoing loss activity.
Retentions		Retentions across management liability lines remained stable, with minimal movement driven primarily by account-specific factors such as claims history or risk profile.		Retentions are expected to remain generally stable, though carriers may seek modest increases on crime placements in response to ongoing fraud-related losses.
Coverage		Coverage did not change in the crime marketplace.		Coverage is not expected to change moving forward.
Carrier		Carrier capacity across management liability lines remained stable, with ample participation supporting program structures.		Capacity is expected to remain stable overall, though carriers may be slightly more selective on crime exposures due to ongoing claims activity.
Claims		Claims activity remained steady, with ongoing cybercrime losses such as social engineering and funds transfer fraud continuing to impact the legal sector.		Claims are expected to remain elevated, particularly on the crime side, as social engineering and financial fraud continue to drive loss activity and carrier focus.

Life Sciences

Product Liability



Life Sciences

H1 Summary

Life sciences product liability market conditions softened through H1 2026, driven by expanded underwriting appetite, new and established capacity, and strong competition for preferred and well-performing risks. Results remained highly differentiated: clean accounts were often able to achieve favorable pricing and improved terms, while claim-impacted or higher-hazard risks continued to face targeted increases, coverage tightening and capacity constraints. Underwriters remained disciplined and outcomes were driven by risk differentiation, including product profile, clinical-trial exposure, claims history, geography and quality of controls.

H2 Outlook

The H2 outlook remains favorable but selective. Capacity should remain robust, particularly in excess layers where new entrants and competition continue to pressure pricing downward. Primary placements will remain competitive for well-differentiated risks, while challenged risks will continue to experience scrutiny on retentions, coverage and program structure.

> **Key areas of focus include PFAS exposure, GLP-1 products, acetaminophen litigation, biometric privacy, litigation funding and nuclear verdict exposure.**

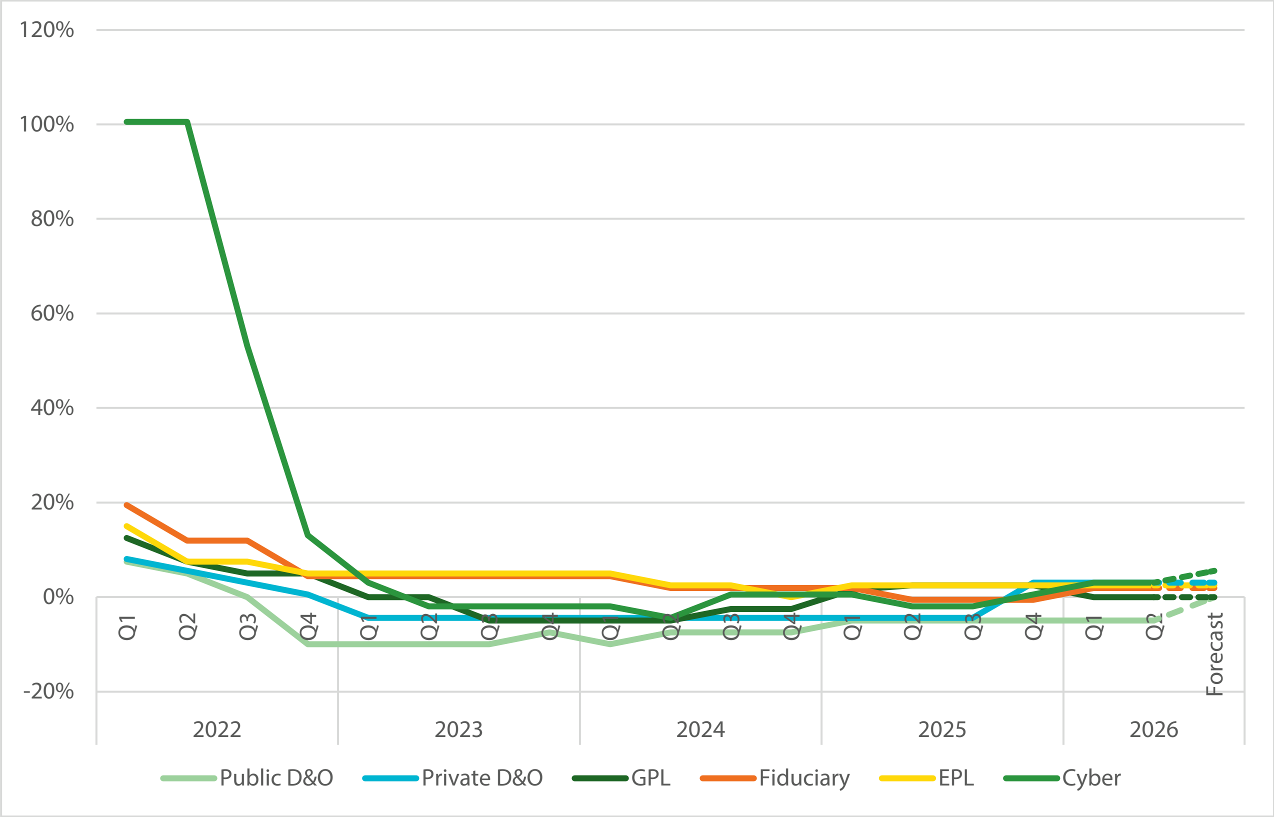
Outcomes will continue to be driven more by individual risk characteristics than broad market movement.

Product Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-9% to +5%	The overall market softened due to increased capacity and competition. Preferred risks experienced favorable pricing outcomes, while claim-impacted or complex risks continued to see increases.	-8% to +5%	Competitive pressure should persist, particularly in excess layers, though outcomes will remain highly risk-specific.
Limits		Capacity remained broadly available across primary and excess placements. Some insureds increased limits due to more efficient capacity entering the market.		Favorable limit availability expected for well-performing risks, with selective constraints for higher-hazard exposures.
Retentions		Retentions remained generally stable, with increases primarily driven by loss experience or strategic pricing trade-offs.		Stability expected overall, with selective upward pressure depending on claims history and product risk.
Coverage		Coverage remained available, although carriers are tightening scrutiny and revisiting exclusions tied to emerging risks.		Continued focus expected on exclusions, wording and emerging risk exposures, including PFAS and GLP-1.
Carrier		Carrier appetite is healthy but selective. Incumbents and new capacity are competing on strong risks, while underwriters remain cautious on litigation-sensitive products.		Carrier participation should stay adequate, with best outcomes tied to early engagement, clear exposure data and alignment with Aon/NFP market feedback.
Claims		Claim severity continues to increase due to social inflation, nuclear verdicts, rising defense costs and litigation funding.		Claims pressure is expected to persist, particularly for U.S.-exposed risks with complex product profiles.

Management, Cyber and Professional Liability

Public Company D&O, Private and Not-for-Profit Company D&O, General Partnership, Fiduciary, Employment Practices, Cyber



Management, Cyber and Professional Liability

H1 Summary

The management, cyber and professional liability marketplace remained broadly stable through the first half of 2026, characterized by abundant capacity, strong competition and generally favorable conditions for insureds. Pricing across most product lines stabilized after several years of softening, with public company directors and officers (D&O), private/nonprofit D&O, cyber, fiduciary liability and employment practices liability (EPL) generally experiencing flat to modest rate changes. Underwriters have become increasingly selective around higher-risk industries, challenging loss profiles, cybersecurity controls and emerging exposures such as AI, privacy litigation and regulatory compliance.

Claims activity remained elevated across several lines, driven by higher defense costs, cyber incidents, employment-related allegations, securities litigation severity and continued scrutiny of fiduciary and governance practices.

As we enter the second half of 2026, market conditions are expected to remain competitive, but with growing underwriting discipline driven by evolving loss trends and economic uncertainty.

H2 Outlook

Pricing is forecast to remain generally stable, with modest increases likely for organizations operating in higher-risk sectors or presenting unfavorable claims experience. Insurers are expected to continue focusing on cyber resilience, AI-related exposures, privacy regulation, employment practices trends and governance concerns while using coverage enhancements and technology-driven efficiencies to differentiate their offerings. Although capacity remains plentiful across most management liability lines, rising claim severity, defense costs and emerging litigation trends are expected to place greater emphasis on risk quality, potentially creating a wider gap between best-in-class risks and more challenging accounts.

Public Company Directors and Officers Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-5% to Flat	Pricing was near flat, with modest increases for some higher-risk sectors and more pressure on middle and higher excess layers. Coverage was broad, capacity ample and new primary public forms emerged. AI-related securities claims impact remains unclear.	-5% to +5%	Over the next year, we expect the D&O market to continue to stabilize, given loss trends and limited new capital, leading to a more cautious, disciplined market. In the second half of 2026, capacity will continue to put pressure on pricing, but the pace of rate declines is expected to stabilize.
Limits		Insurance carriers maintained their average limits. Incremental limit tranches grew, with some expiring positions increasing from $5M to $10M. Carriers were hesitant to deploy larger capacity in challenging sectors such as distressed companies, digital assets, cannabis, IPOs, special purpose acquisition companies (SPACs) and de-SPACs.		We expect carriers to maintain and, in certain cases, increase their capacity over the next 12 months for preferred risks.
Retentions		We started to see more retention decreases in H1, especially for small market cap companies. We think this trend will continue.		We expect to continue to see some retention decreases over the next year. Certain risk exposures and industry classes may see higher retention levels, such as IPOs, SPACs, de-SPACs, distressed companies, digital assets and cannabis.
Coverage		Breadth of coverage was stable in comparison to prior year and quarters. Entity investigations coverage is being contemplated more than in prior years, but the take-up continues to be relatively low.		Again, barring any unexpected event-driven occurrences, we expect the breadth and scope of coverage to remain largely unchanged, with a renewed focus on expanded entity investigation coverage options.
Carrier		Capacity continued to be abundant in the public D&O market, continuing to put downward pressure on pricing and retentions. New entrants chasing deals is driving this.		We expect continued insurer capacity, but several insurers have exited the public D&O market, and there is some anticipated consolidation (Zurich/Beazley).
Claims		D&O claims activity saw elevated severity, with large, complex securities cases and settlements keeping the loss cost environment challenging. Claim themes solidified around AI-related disclosures, cyber and operational breakdowns, earnings guidance misses and life sciences/biotech volatility against steady securities filing counts.		D&O claims are expected to be steady to slightly higher in frequency, but tilted toward larger, more complex losses driven by insolvencies, cyber/ops failures and event-driven securities litigation rather than raw filing counts. Severity pressure in North America should remain pronounced and keep portfolio loss costs elevated.

Private and Nonprofit Company Directors and Officers Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ – Flat to +5%	Private and not for profit D&O in H1 remained broadly buyer friendly, with stable to slightly decreasing premiums, but pricing has largely stopped falling and carriers are underwriting more carefully particularly on higher-risk industries.	↑ – Flat to +5%	Pricing is expected to remain stable for most buyers. However, rate pressure is increasingly focused on high-risk industries and large private companies above $500M in annual revenue. Additionally, continued economic uncertainty and increasing costs of defense could put pressure on rates.
Limits	–	Carriers continued to maintain limit capacity. The more challenged the risk profile, the less limit that client will be offered. Conversely, the more favorable the risk profile, carriers will entertain offering higher limits to obtain more premium.	–	We expect carriers to maintain their total limits deployed per insured over the next 12 months.
Retentions	–	Carriers generally maintained retention levels during H1 and remain rather firm on decreasing retention levels without justification.	–	We expect to see continued stabilization in retentions over the next year.
Coverage	↑ –	As competition has increased, insurers have been expanding coverage as a differentiator. High-risk industries and emerging industries saw more restrictions and exclusions being put on their programs.	↑	Anticipate insurers continuing to expand coverage to differentiate their offerings, including expanded antitrust and entity coverage enhancements.
Carrier	–	The appetite for established business with less than $100M in revenue has been a continued carrier focus.	–	The emergence of new capital will continue to be driven by technology and application programming interface enablement. We will begin to see significant efficiencies and increased competition as carriers strive to be first-to-market with technology.
Claims	↑	Claims volume remained steady, increasing incrementally as competition among businesses gets stiffer. Defense costs and other claims elements continued in an upward trajectory, which has increased overall claims activity and expense trends.	↑	We expect claims volume to remain steady, but defense costs and other claims elements are in an upward trajectory, which is increasing overall claims activity and expense trends. Given the current and expected macro environment, we do expect more claims because of bankruptcies.

General Partners Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	+2.5%	The GPL market remained relatively flat to slightly up. Defense costs continued to be a big driver of claim costs. Law firm hourly rates continued a steady upward march.	+2.5% to +5%	We expect the trend of nominal rate increases to continue in the second half of 2026.
Limits		Carriers continued to be judicious with their limit profile in this space.		As carriers evaluate loss trends, most carriers do not want to put $10M in capacity on many insureds.
Retentions		Retentions have remained stable. For insureds with losses, the tradeoff for a big increase in premium is generally a larger deductible. As outlined above, the higher defense expenses is driving higher deductibles.		We do not anticipate any significant changes in retentions in the second half of 2026.
Coverage		Coverage remains relatively stable. The focus continued to be on regulatory coverage and law firm rates.		We expect that underwriters will continue to push back on the law firm rates they are willing to accept.
Carrier		A handful of carriers exited the market over the past 24 months: QBE (bulge bracket); Argo, Markel and Everest. But overall, the market has remained healthy.		This has continued to be a challenging class of business for underwriters and reinsurers. It would be surprising to see more carriers wanting to enter this class of business.
Claims		While the current administration has been largely hands-off with the private equity industry, underwriters have been focused on the cracks in the private credit segment of the market.		If the Fed increases interest rates, it will put more pressure on the industry, and the possibility of bankruptcy risk will be elevated.

Fiduciary Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	0% to +5%	Fiduciary liability remained broadly stable and profitable in H1, supported by a competitive market, consistent capacity and minimal rate movement – generally flat – with rate variations tied to plan size, industry sector and claims experience.	0% to +5%	Over the next 12 months, rates are expected to remain in a narrow band of stability, with modest reductions or increases generally capped around 5% either way for most insureds. The main rate outliers will continue to be very large plans, employee stock ownership plans and sponsors with challenged profiles or fresh litigation activity.
Limits	–	Adequate capacity was available in H1, but many insurers are cautious about deploying limits above $10M on a single layer, especially for large or complex plans. Primary limits are commonly capped in the $5M to $10M range, with excess layers used to build towers for larger sponsors.	–	Limit deployment for fiduciary liability is expected to remain stable through 2026, with similar primary caps and excess support for well structured towers. Any tightening is likely to be selective and driven by specific plan characteristics rather than a market wide pullback.
Retentions	–	Carriers largely maintained their retentions in H1 with structures heavily influenced by the ongoing though moderating environment of excessive fee litigation. Higher retentions are most commonly attached to excessive fee and class action exposures, either through base retentions or specific features.	–	Retention levels are expected to remain broadly stable over the next 12 months, with only incremental, risk specific adjustments. Excessive fee exposed plans and employee stock ownership plans are most likely to see renewed discussion around retentions, especially where plan assets exceed $500M.
Coverage	–	Carriers continued efforts to reduce their exposure to excessive fee and expense claims by deploying sublimits, separate retentions or coinsurance and more exclusionary or clarifying wording. These tools are most commonly applied to insureds in the healthcare and financial institutions space.	–	The trend toward managing excessive fee exposure via sublimits, separate retentions, coinsurance and refined exclusions is expected to continue for specific industries: healthcare and financial institutions. Otherwise, the overall breadth of fiduciary coverage is expected to remain broadly stable.
Carrier	–	There was no meaningful shift in market leadership; the core group of fiduciary carriers remained intact and active. Competition remained healthy, supported by profitable loss experience and relatively predictable exposure patterns.	–	No significant change in market leadership is expected over the next 12 months. The field should remain diverse enough to preserve competition, particularly for well managed plans.
Claims	–	Litigation trends remained active but below prior peak levels, with filing and settlement activity moderating versus earlier surges. Favorable legal precedents in several circuits led to more dismissals or narrowed theories of liability, improving the defense landscape for plan sponsors.	–	2025 saw the third-highest number of filings ever, and 2026 is on pace to exceed the record 100 filings of 2020. More than 75 tobacco surcharge cases have been filed over the last two-plus years, contributing to insurers imposing mass/class retentions.

Employment Practices Liability

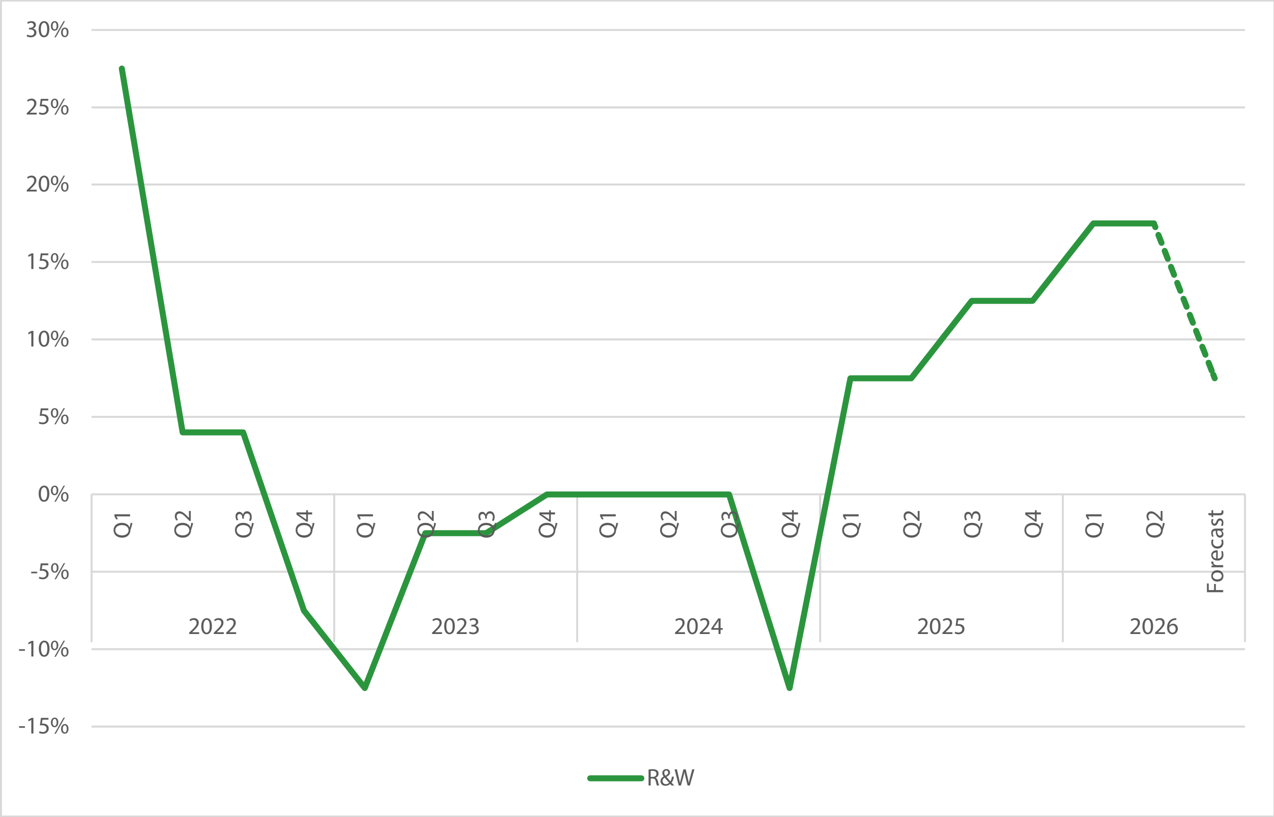
Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ – 0% to +5%	EPL in H1 was stable but firming: capacity was ample and competition remained healthy, yet rising claim frequency and severity – especially in high risk jurisdictions – pushed the market from flat toward modest rate increases.	↑ – 0% to 5%	Pricing is expected to tilt toward consistent low to middle single digit increases, with steeper adjustments for poor loss experience or challenging jurisdictions. Competitive tension and abundant capacity should prevent a sharp hardening. Negative 2025 claim trends may translate into incremental firming.
Limits	–	Limits remained stable in 2026, with no broad contraction in the amount of EPL capacity carriers are willing to deploy.	–	Limit deployment is expected to remain broadly stable into 2026, with no major retrenchment anticipated absent a shock loss trend.
Retentions	↑ –	Carriers addressed retentions on a state by state/risk specific basis. Retention levels reflect legislative developments, mass/class action activity and industry specific loss trends. Underwriters recalibrated retentions to align participation with risk.	↑ –	Retention adjustments expected to continue, with upward pressure in high risk states/ industries. Stable, lower risk employers may maintain existing retentions with rare "one size fits all" approaches. Carriers evaluating higher deductibles for high wage earners.
Coverage	–	Event driven coverage restrictions introduced and refined around the Biometric Information Privacy Act (BIPA), Genetic Information Privacy Act (GIPA), Genetic Information Nondiscrimination Act and Pay Transparency Act. Carriers showed more uniformity in their approach to these exposures, restricting scope countrywide rather than only in a few states.	–	As case law develops under BIPA, GIPA and pay transparency statutes, carriers will continue to refine definitions, exclusions and sublimits to align with emerging litigation patterns.
Carrier	–	Established players anchored the market, while newer or expanding participants targeted niches or distribution channels. Use of digital platforms and streamlined workflows was common, particularly for smaller risks.	–	No major shift in market leadership is expected, with stability in capacity and product offerings continuing.
Claims	↑	There was a noticeable increase in both employee claims and third party discrimination claims, with defense costs and related expenses moving upward. Disability claims are the third-most frequent claim, mostly tied to mental health issues.	↑	Claims activity expected to remain elevated, with continued growth in discrimination, retaliation and third party claims. Pay equity laws and mandatory salary disclosures likely to generate additional claims, adding complexity to coverage and defense.

Cyber

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	– 0% to +5%	Market conditions were soft. Pricing decreases moderated as ransomware/business interruption (BI) and prior-year privacy liability loss dev. pressured results. Underwriters scrutinized high-loss sectors where controls are weak and third-party litigation has increased.	↑ / – 0% to +10%	Ransomware/cyber BI losses slowed price reductions. There is pressure from digital supply chain risk and AI driven cybercrime. Expect middle-market accounts to be flat-to-up. Capacity will be available, but carriers are increasingly selective on first party breadth and privacy-related exposures.
Limits	↑	More carriers deployed $10M blocks for insureds taking higher retentions and showing strong cybersecurity controls. Most clients bought limits in $5M layers, with some reinvesting renewal savings into higher limit purchases.	↑	Capacity will continue to favor accounts with strong cyber hygiene. Weak controls will limit or eliminate first party coverage. Clients must act to reduce vendor concentration and third party risk to protect dependent BI. Contract needs are pushing for increased limits.
Retentions	– / ↓	The market environment has kept retentions largely firm. Clients that can demonstrate strong cyber hygiene may still see opportunities for reduced retentions and shorter waiting periods.	–	Given competition and capacity, we expect retentions to remain in line with the previous quarter and be relatively stable.
Coverage	– / ↓	Carriers reviewed policy language to manage systemic aggregation risk. Key shifts were clearer affirmative cyber war definitions and expanded exclusions for web tracking, biometrics and wrongful collection. Some insurers offered affirmative coverage for AI-related events, reflecting growing scrutiny of AI driven loss scenarios.	–	Events focusing on systemic risk language and war/state-backed cyber attribution provisions. Clients must focus on cyber hygiene controls and media/biometric information handling. Carriers differentiating coverage through industry-specific endorsements and affirmative language around AI and cyber-related SEC matters.
Carrier	↑ / –	Cyber hygiene was a gate for coverage. Middle market carriers offered security bundles. Insurer consolidation and active portfolio management have continued to shape capacity deployment, policy wording and program structures.	↑ / –	Cyber insurers are emphasizing ransomware resilience and core security controls. Carriers are using external security scans during underwriting. Clients should consider insurer supported security bundles for better terms. Ongoing insurer consolidation may affect capacity/policy structure.
Claims	↑	Social engineering, phishing attacks and ransomware were up, with software supply chain attacks a threat. Privacy violations/AI related exposures broadened the loss landscape. Insurers reassessed exposure, refined underwriting and reexamined terms in light of prospective cuts to public cybersecurity funding.	↑	Expect cyber claims activity to stay frequent. Systemic events are likely to remain a concern. Detection of malicious AI comms at the user level will become more difficult, with high incident rates even with strong technical controls. Expect claims connected to cyber events to increase.

Private Equity

R&W Insurance



Private Equity

H1 Summary

Representations and warranties (R&W) insurance submission flow remained strong in the first half of 2026, with NFP continuing to see elevated activity levels broadly in line with the momentum observed in 2025. Deal timelines from submission to binding remained extended compared to pre-pandemic norms, with buyers continuing to conduct thorough due diligence processes, contributing to more deliberate deal pacing.

Premiums ticked up in H1 2026, with average rate-on-line now above 3% for most transactions. Blended rates for larger deals (over $1B) remained in the high 2% range, depending on aggregate limits. Perhaps due to a sustained increase in claims frequency and severity over recent years, pricing began to harden, despite persistent competition among insurers and ample capacity in the market. Appetite across industries remained broad, including greater flexibility for historically more challenging sectors such as healthcare, financial institutions and certain vice industries. Certain emerging technologies, such as AI and crypto, were restricted for some carriers, but typically still insurable via others. Smaller transactions (including deals with enterprise values as low as approximately $5M to $10M) continued to see improved access to viable R&W solutions at competitive pricing levels.

Carrier dynamics began to signal a potential shift toward a more balanced market. While new entrants continued to explore the R&W space, several capacity providers either retrenched or became more selective in deployment. At the same time, a more stable interest rate environment and improving deal confidence are expected to support sustained demand for transactional risk insurance.

> **Taken together, these factors suggest that while H1 2026 remained favorable for buyers, market conditions may gradually evolve toward greater equilibrium between insureds and carriers over the remainder of the year.**

H2 Outlook

If the momentum observed through the first half of 2026 continues, the outlook for R&W insurance in the second half of the year remains cautiously optimistic, with expectations of sustained deal activity and gradually improving transaction volumes. While the sharp rebound anticipated in late 2025 has materialized more gradually, private equity sponsors and asset managers continue to face pressure to deploy dry powder and exit long-held investments, which should support a steady flow of transactions. At the same time, persistent discipline in diligence processes and more measured seller expectations are likely to continue shaping deal pacing.

Market dynamics are evolving in ways that are beginning to rebalance capacity and competition. Following carrier consolidation and selective retrenchment over the past 12 to 18 months, underwriting behavior has become more disciplined and capacity deployment more targeted. While new managing general agents (MGAs) and entrants have added incremental capacity, large-scale expansion remains unlikely. As a result, the market is continuing its transition away from the unusually buyer-friendly conditions of recent years toward equilibrium.

Pricing trends observed in H1 2026 are expected to carry into the second half of the year. Rate-on-line levels above 3% are increasingly the norm for most transactions, reflecting sustained claims frequency and severity, as well as more disciplined underwriting approaches. While some insurers may continue to push for modest rate increases or tighter terms, competitive dynamics remain intact, particularly for high-quality processes and in the lower middle market. Retentions are expected to remain broadly stable at current levels.

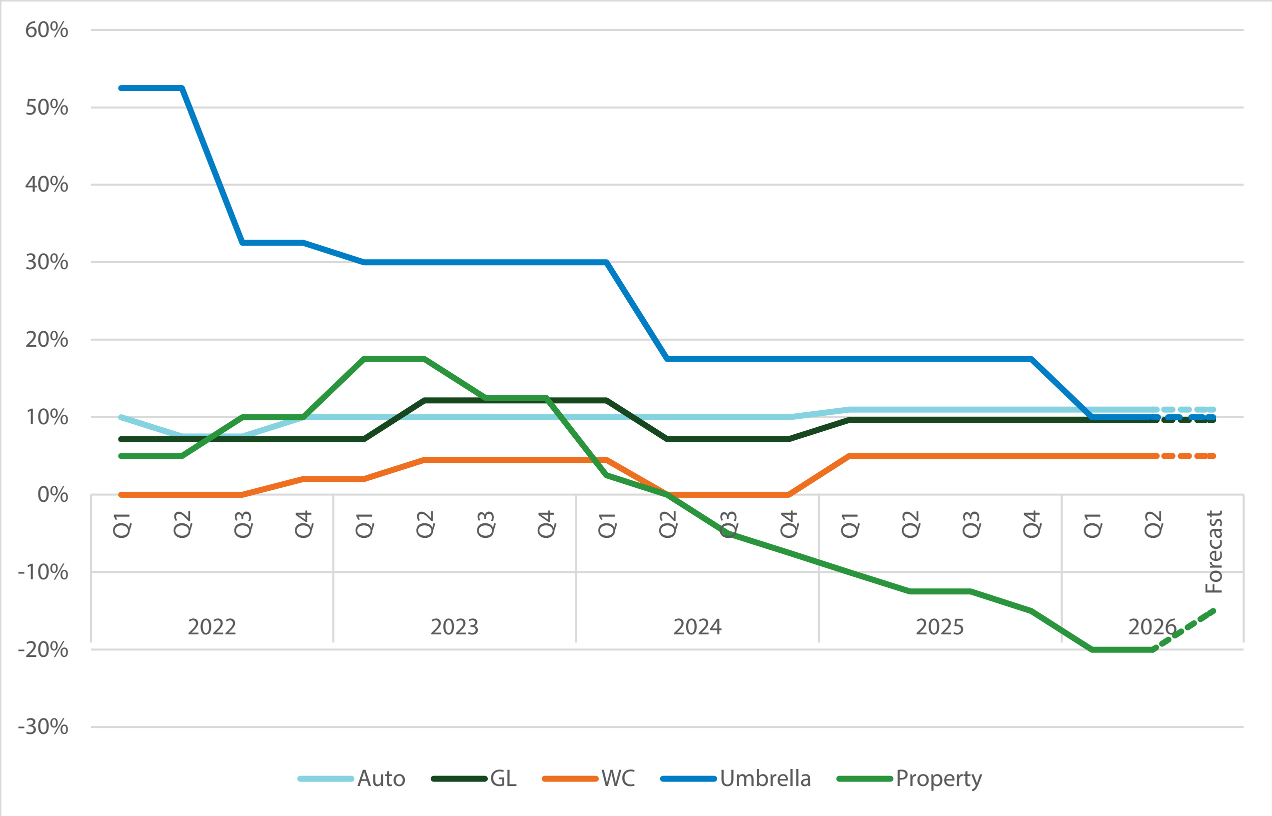
Overall, the R&W insurance market in H2 2026 is expected to remain accessible and competitive, albeit with clearer signs of pricing and underwriting normalization. Buyers should continue to benefit from a broad range of options across carriers, but with a greater emphasis on diligence quality, process management and transaction profile in determining outcomes. Taken together, these dynamics suggest a more balanced and sustainable market environment as the year progresses.

Representations and Warranties Insurance

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	Up 15% to 20%	Pricing for R&W insurance continued to increase into H1 2026, with average rate-on-line now above 3% for most transactions. Certain industries, including healthcare, financial institutions and emerging technology sectors, continued to experience tighter carrier appetite and pricing variability.	Up 5% to 10%	Over the next 12 months, R&W insurance pricing is expected to remain at or slightly above current levels, with rate-on-line around or above 3% becoming the sustained market baseline. Any further movement will likely be driven by claims experience, macroeconomic conditions and overall M&A activity.
Limits		Most primary R&W carriers continued to offer limits in the roughly $20M to $30M range on a standard basis, with a well-developed excess market supporting large aggregate towers.		While some capacity providers may continue to retrench or deploy capacity more selectively, the overall market is expected to remain well-supplied, with sufficient excess capacity to support large transactions. Limit structures are not expected to change materially.
Retentions		Retentions ticked down slightly in H1 2026. Larger transactions have initial retentions in the range of 0.3% to 0.5% of enterprise value, while smaller deals are typically below 1%. Most underwriters will provide nil retentions for true fundamentals.		Policy retentions are expected to remain broadly stable. Widespread shifts in retention levels are not anticipated.
Coverage		Breadth of coverage remained generally stable. Interim breach coverage and other enhancements continued to be offered on a case-by-case basis.		Coverage is expected to remain broadly consistent, though carriers are likely to continue refining exclusions and underwriting approaches in response to claims trends and emerging risk areas.
Carrier		Carrier dynamics continued to evolve, with some capacity providers retrenching or becoming more selective, while newer MGAs and entrants added incremental capacity. Overall, the market remained competitive.		Market participation is expected to stabilize, though further consolidation or strategic realignment among carriers remains possible. At the same time, new or expanding MGAs may continue to provide incremental capacity.
Claims		Claims frequency and severity trends remained elevated, continuing to influence underwriting approach and pricing levels. Carriers remained focused on portfolio performance and long-term sustainability of the product.		Claims frequency and severity are expected to remain elevated and will continue to be a key driver of underwriting discipline and pricing. While no material step-change is anticipated, claims experience will remain central to market evolution.

Real Estate

Casualty: Auto Liability, General Liability, Workers' Compensation, Umbrella Liability
Property



Real Estate

H1 Summary

Casualty

Real estate liability (primary and excess) continued to be driven by increasing litigation, both frequency and severity. Jurisdictional considerations and crime scores (particularly for habitational exposure) continued to be a controlling factor in acceptability and rating of risks by carriers. The continued impacts of litigation financing and nuclear verdicts have been felt across the industry.

Auto coverage, when combined with other lines, remained accessible for our clients with standard schedules, which are commonly small. The exceptions were in the hospitality and property management risks where you may see more passenger shuttle exposure and maintenance and service vehicles travelling between sites. Monoline auto continues to be an area with limited market capacity.

Workers' compensation (WC) remained the most stable and favorable of the casualty lines. Exposure-driven concerns around personnel that perform more high-risk activities (maintenance, work from heights, etc.) can cause challenges. But with the right standardized practices and procedures in place, this is viewed as a more controllable exposure.

Claims activity remained elevated across several lines, driven by higher defense costs, cyber incidents, employment-related allegations, securities litigation severity and continued scrutiny of fiduciary and governance practices.

H2 Outlook

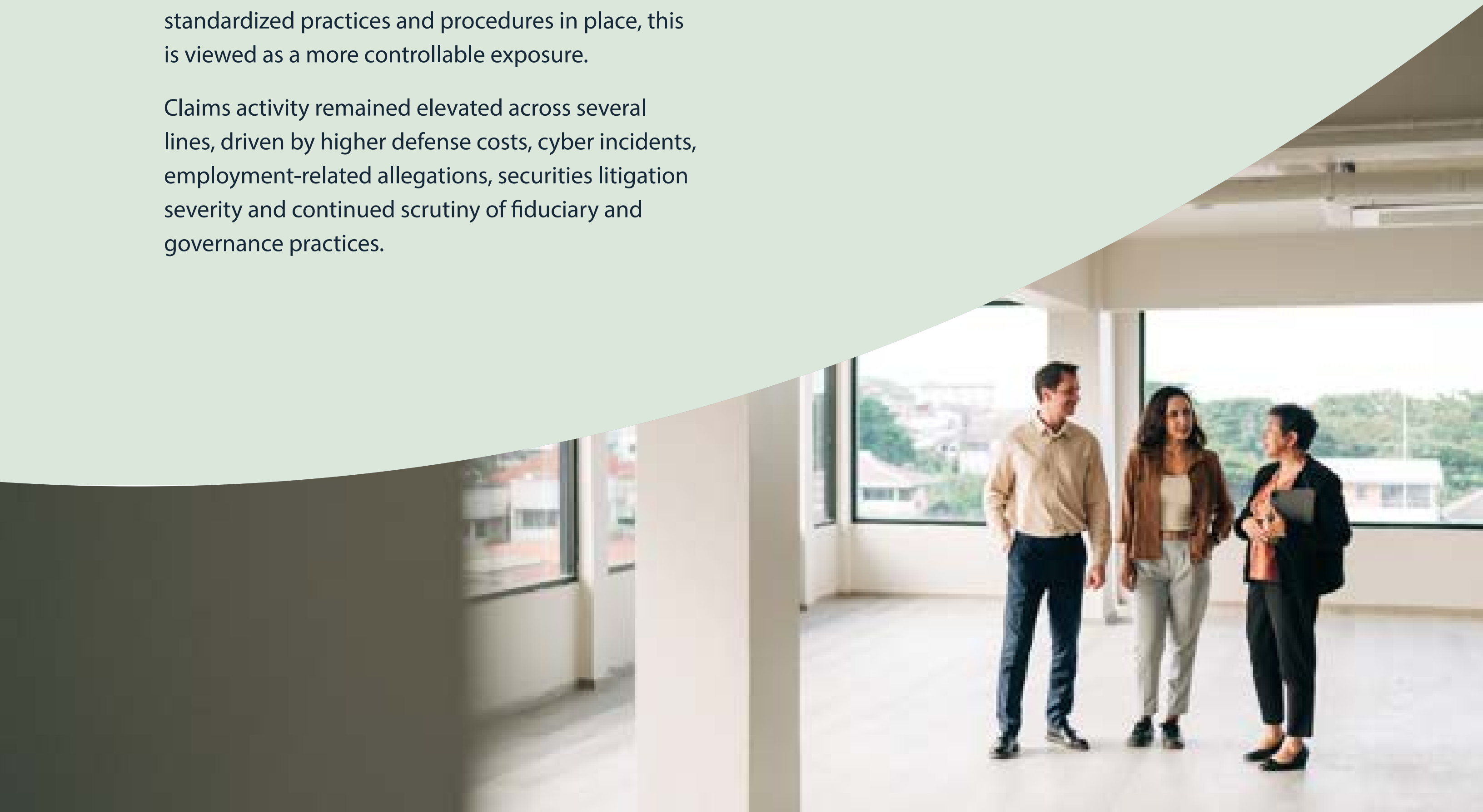
Casualty

Trends across casualty lines are not expected to change dramatically in the second half of 2026.

Continued focus on the cost of primary limits, the activity in that layer and the need to limit the exposure to loss from the carrier perspective remains a driving factor in deal structure. Supported lead umbrella offerings along with the primary general liability (GL) remain a considerable factor in the consistency and desirability of a program.

The aggressive posture in coverage and terms for desirable risks in the first half of the year among newer wholesale markets has driven some formerly admitted programs into the nonadmitted market. As 2026 closes, carriers demonstrating more flexibility to close the year strong will be an important leverage point.

Coaching our clients on proactive risk management, particularly on insurance terms in their contracts and contractual risk transfer, continues to be a key factor in maintaining and improving long-term insurance relationships.



Auto Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ +7% to 15%	We saw more exposure rating with much higher starting rates in more plaintiff-friendly jurisdictions and concentrated metropolitan centers. Renewal rates continued to increase between 7% to 15% for well-performing accounts, but be aware of the potential effect on a specific client.	↑ +7% to 15%	No change anticipated, as costs from auto claims escalate. Insurers are focused on critical underwriting for shuttle vehicles. Reliance on nonowned vehicles by companies have begun to exacerbate the problem, causing carriers to look more closely at nonowned exposures and increase rates.
Limits	–	The combined single limit of $1M remained standard for automobile liability, particularly if they offered a supporting umbrella. However, some umbrella markets require an attachment of $2M, which may not be possible for all auto insurers.	–	$2M attachment requirements are becoming more common for larger fleets/classes of vehicle, especially absent a supporting umbrella. Here, the higher limit can be used to garner interest from additional umbrella markets, as significant fleet exposure will limit the number of carriers willing to provide lead umbrella or low excess layers where layers continue to shrink.
Retentions	↑ –	Physical damage deductibles continued pressure to increase, driven by increased costs of repair on newer vehicles (particularly high-end and electric vehicles). Retentions for automobile liability are not common for real estate clients due to light fleet exposure and limited vehicle usage.	↑ –	No widespread change expected in the next 12 months.
Coverage	–	Automobile coverages are statutorily driven and generally standard, other than broadening endorsements that vary from insurer to insurer. These are sought where possible and are generally offered at no additional premium.	–	Availability of reasonably broad automobile liability and physical damage coverages are anticipated to continue over the next 12 months.
Carrier	–	Stand-alone markets for monoline auto coverages were not plentiful. Small regional carriers may still provide options through nonadmitted markets and/or traditional direct writers such as Progressive and State Farm. The pressure on auto and the complications in getting a separate carrier to quote without higher primary limits often made separating the auto undesirable.	–	Monoline auto markets will continue to be scarce due to the lack of additional casualty premium needed to balance the potential for severe losses.
Claims	↑	Automobile liability claims continued to present significant exposure to carriers, as severe claims can result from a single occurrence, both from owned and nonowned auto exposure. Distracted and/or stressed driving contributed considerably to accidents, while guest shuttle vans included the risk of multiple passenger injuries.	↑	Rates are expected to continue to increase in the foreseeable future, given the inherent danger and potential for severe losses that driving presents overall across industries.

General Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ +5% to 15%	Office exposures were the most favorable, with rate increase under 10%. Retail became less desirable, with rate increases of 8% to 15% and curtailed competition. Business class or better hospitality accounts with favorable loss history experienced similar rate increases. Well-performing and well-placed habitational saw 5% to 12% rate increases, with nonrenewed accounts experiencing much higher rates.	↑ +5% to 15%	Well-performing non-habitational/hospitality accounts should continue to have reasonably stable renewals due to market competition for this sector. Insurers seem to be shying away from retail lessor's risk only, citing escalating claims. Poor-performing risks and nonrenewed habitational accounts will struggle to find feasible market options.
Limits	–	$1M/$2M remained the standard limit offering. Per-location aggregate limits stabilized, usually with policy caps of between $5M to $10M. Sublimits for assault/battery and/or sexual abuse/molestation (often with defense inside the limits) became standard for some markets, particularly for habitational/hospitality risks.	–	Generally, umbrella carriers requiring a $2M/$4M attachment are admitted insurers writing unsupported lead umbrellas. We are seeing more markets begin to require $2M attachment even on supported leads. Nonadmitted excess liability insurers are not providing attractive credits for attaching at a $2M/$4M GL limit, preferring to provide very short layers excess to limit exposure.
Retentions	↑	Significant casualty retentions for real estate were utilized mainly by larger accounts with the financial ability and risk management to manage risk or cases of poor loss performance. Some insureds insisted upon guaranteed cost depending on individual business models and allocation challenges. Higher retentions continued to be pushed for high habitational risks.	↑	Retentions will remain heavily dependent on class of business and/or loss history, with more markets imposing mandatory $100,000 minimum deductibles for habitational and even retail occupancies. Smaller accounts may see retentions of $10,000 to $25,000 becoming more common in the nonadmitted marketplace.
Coverage	– ↓	Adverse exclusions remained widespread, particularly for habitational and hospitality risks. Due to greater capacity in the wholesale and retail market pushing competition, removal of these exclusions driven by loss experience has become more common. Removal of geographically driven exclusions in some classes of business (e.g., New York City) were very difficult to achieve.	– ↓	Reducing coverage via exclusions, driven primarily by class of business, jurisdiction, crime score or specific loss profiles, is expected to be a continuing trend with little negotiating ability, particularly for those real estate occupancy classes that continue to suffer such type losses (mainly habitational and/or hospitality).
Carrier	–	Carriers did not significantly change appetite. Best-in-class hospitality operations were of interest for many carriers. Class B establishments and hotels with alternative use were not favored. Carriers for habitational risks rebounded a bit, especially for the larger middle-market portfolios. Nonrenewed habitational accounts found replacement coverage almost exclusively in the nonadmitted marketplace.	–	While there has been some new carrier capacity entering the market, these tend to be very specific in appetite, but increasingly aggressive in terms and price for cleaner loss accounts. Overall, primary market options have not significantly expanded and are not anticipated to do so soon.
Claims	↑	GL claims and carrier-combined ratios continued to be driven by adverse litigation trends exacerbated by long-term inadequate pricing. Concern over potential high payouts for violent crimes or catastrophic "deep-pockets" losses for which the insured is tapped to participate continued to drive underwriting focus. Increasing litigation financing continues to be a concern.	↑	While carriers continue to deploy capital for well-performing, favorable classes of real estate business, generating limited competition for some insureds, claim frequency and severity of settlements continue to increase, dampening robust recovery overall.

Workers' Compensation

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	↑ – Flat to 10%	The WC market has remained stable over the past few years, subject to state of operation, industry and loss experience, but there is a slow upward trend. There is still a push for insurers to pick up the WC line, recognizing it to be a stabilizing premium source.	↑ – Flat to 10%	Rates should continue to be relatively stable, especially given the reasonably competitive environment, although with relatively mild increases due to medical cost inflation and other factors.
Limits	–	WC limits are statutory, so not defined by the broker or carrier. The standard limit of $1M for the employer's liability component of coverage remained available without issue.	–	No changes foreseen.
Retentions	–	Guaranteed-cost WC policies remained common in the real estate sector and widely accessible. Larger/more sophisticated clients with the interest and ability to control claims costs by utilizing strong risk management practices continued to pursue large retention programs. Hybrid or structured programs (Sompo, Strategic Comp) remained viable options where available.	–	No changes foreseen.
Coverage	–	WC coverages are standard regardless of carrier, with few broadening endorsements (e.g., blanket waiver of subrogation and voluntary compensation). Coverages for workplace-related injuries and loss of income are set by state statute, and exclusions are common across the marketplace. There were no significant coverage changes or trends that developed in H1 2026.	–	No changes foreseen.
Carrier	–	Insurer interest in WC remained strong, with some carriers looking to lead with sizeable WC exposures/premiums in the real estate sector to bolster the often more-challenging GL performance.	–	WC largely remains a profitable line of business, and we anticipate continued strong carrier support for the foreseeable future despite a potential increase in claims activity over the next 12 months.
Claims	–	Retail and business/leisure travel have long recovered and/or continue to increase post-pandemic, with claims activity by now approaching prior normal claims levels for these occupancies. Moving forward, increased claims may result from labor shortages and lack of training in many service-related occupancies.	–	Labor shortages of experienced hospitality workers may contribute to an increase in claims. Lingering questions around working remotely and safe return to work will continue, creating potential for increased claims activity.

Umbrella Liability

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	+5% to +15%	Umbrella pricing rose, even for well-performing risks in favored occupancies. Nuclear verdicts, litigation tourism and financing high-profile claims drove upward pricing. A favorable renewal was 5% to 15%, with incumbents trending toward the bottom to retain profitable accounts. Market leverage for desirable accounts remains present, counterbalanced by reduction in capacity in a single layer.	+5% to +15%	Competition for lead umbrella options of all classes will remain limited, with only a handful of admitted markets considering unsupported umbrella. Insurer options for habitational risks are expected to remain limited with high premiums. Many insurers are moving attachment points higher, restricting competition and allowing lower pricing at higher layers. Lower layers continue to constrict.
Limits		We saw constrictions to $5M in some lead umbrellas in the admitted space. Habitational and poor-performing risks often needed three insurers to secure the first $10M, driving up the cost of the excess tower. Minimal insurers offered $25M in capacity at any attachment point, requiring securing additional capacity and cost to the tower.		We expect current trends to continue for the next 12 months, especially the reduction of capacity and/or requests to deploy higher capital at higher attachment points.
Retentions		Minimal standard retentions still applied. Carrier pricing was not impacted heavily with primary retention increases.		We expect current trends to continue for the next 12 months.
Coverage		Most adverse exclusions were driven by occupancy, insured-specific loss history, crime scores, jurisdictional legal trends, etc. We saw more exclusions for firearms, discrimination, animals and habitability. Recently, mandatory human trafficking exclusions have been imposed on hospitality risks as more of these claims are paid and/or alleged from higher-class hotels.		Coverage restrictions will persist throughout the next year. Formal safety and risk management plans around assault, sexual abuse and human trafficking are key in successfully negotiating exclusion removal but will remain mandatory in many cases.
Carrier		Risk purchasing groups continued to be selective with renewals and new business. However, they continued to offer very competitive options when interested in an account. Reliance on crime scores as an underwriting tool and guideline became frequent. Insurers offering unsupported lead umbrellas required underlying GL limits of $2M/$4M/$2M and underlying automobile limits of $2M combined single limit.		Carrier appetites are reactive to loss trends. With no sign of slowing claim frequency and severity, we expect the current course to persist through the year. In areas where appetite is static, we anticipate capacity to fluctuate.
Claims		Three major claim trends contributed to current market pressures, affecting all of the metrics listed above: 1) Social inflation (which drives claim payouts, loss ratios, insurance costs) 2) Significant increase in claim severity, settlement awards and nuclear verdicts 3) Litigation financing		Claim trends will continue through the next 12 months, especially with the use of litigation financing.

H1 Summary

Property

Placements have had high level of rate variation on new and renewal business:

- -25% to -5% change for shared/layered accounts with strong loss histories.
- -10% to flat rate change for single-carrier accounts with strong loss histories.
- Historically loss-challenged accounts are still being underwritten from a profitability perspective, so rates on these are still volatile.

Creative deductible solutions (such as introducing a plus aggregate) became more commonplace during renewal marketing strategy discussions, particularly for loss-sensitive accounts. Stand-alone deductible buydown programs also became more commonplace due to affordability, with insureds happy to transfer risk to a carrier based upon lender contractual obligations. Pressure on removing or reducing water damage deductibles to be aligned with the "all other perils" deductible also became evident, although many carriers are still holding a firm stance of maintaining those previously implemented during past renewals.

H2 Outlook

Property

Placements continue to have a high level of rate variation on new and renewal business.

- Shared and layered accounts continue to see rate decreases of -25% to -5%. However, carriers are beginning to push back as pricing approaches minimum premium thresholds.
- -10% to flat rate change for single-carrier accounts with strong loss histories.
- Multiyear deals are beginning to reemerge, typically with loss-ratio caveats that allow carriers to manage profitability if performance deteriorates.

Creative deductible solutions remain common in renewal strategy discussions, especially for loss-sensitive accounts. Stand-alone deductible buydown programs remain prevalent due to affordability and lender-driven risk transfer needs. Pressure to align water damage deductibles with "all other perils" deductibles continues, though many carriers remain firm on prior terms.

Property

Metric	H1 '26 YOY Change	Commentary	12 Month Forecast	Forecast Commentary
Pricing	-25% to Flat	Placements have had high level of rate variation on new and renewal business: • -25% to -5% change for shared or layered accounts with strong loss histories. • -10% to flat rate change for single-carrier accounts with strong loss histories. Historically loss-challenged accounts are still being underwritten from a profitability perspective, so rates are still volatile.	-25% to Flat	Shared and layered accounts continue to see rate decreases of -25% to flat. However, carriers are pushing back as pricing approaches minimum premium thresholds. There is a -10% to flat rate change for single-carrier accounts with strong loss histories. Multiyear deals are beginning to reemerge, typically with loss-ratio caveats that allow carriers to manage profitability if performance deteriorates.
Limits		Some insureds reimplemented higher program loss limits to match their risk exposure. Some reinstated higher natural catastrophe (nat cat) loss sublimits. Some also saw margin clause percentages increased, added to a previously scheduled policy or removed completely.		We expect higher program loss limits and/or nat cat sublimits to remain a major consideration to insureds as the property marketplace continues to soften.
Retentions		Creative deductible solutions became more commonplace during renewal marketing strategy discussions. Stand-alone deductible buydown programs became more commonplace due to affordability. Pressure on removing or reducing water damage deductibles to be aligned with the "all other perils" deductible became evident, although many carriers are still holding firm on maintaining those previously implemented during past renewals.		Creative deductible solutions remain common in renewal strategy discussions, especially for loss-sensitive accounts. Stand-alone deductible buydown programs remain prevalent due to affordability and lender-driven risk transfer needs. Pressure to align water damage deductibles with "all other perils" deductibles continues, though many carriers remain firm on prior terms.
Coverage		Certain coverage extension sublimits began to be increased or included, such as civil/military authority ingress/egress and service interruption. Some underwriters adopted a broker manuscript policy form which traditionally affords broader coverage than a carrier policy form. Nonconcurrences have largely been eliminated.		Due to expected continued market moderation, we anticipate highly pressurized renewal environments to fuel coverage enhancements.
Carrier		New traditional market entrants, alternative risk transfer options and proprietary sidecar arrangements saw plentiful capacity availability. London, Bermuda and U.S. excess and surplus lines carriers continued aggressive marketing. Single-peril carrier options also increased, with some carriers exploring new revenue streams to help build new business revenue toward meeting aggressive growth goals.		We expect desirable/profitable accounts to be overlined with capacity and carrier options for single, shared and layered placements. We anticipate accounts with significant nat cat exposure to consider stand-alone peril placements (e.g., California earthquake) to take advantage of a softening property marketplace. Carriers may be motivated to offer long-term agreements to protect their existing book of business.
Claims		Advocacy for carrier claims still faced ongoing challenges, largely due to rising loss estimates and reported losses stemming from prior events, particularly the unknowns associated with Hurricane Helene, Hurricane Milton, the Los Angeles wildfires and tornado/hailstorms.		Claims are anticipated to persist, especially as more certainty around loss estimates begins to solidify from recent hurricane, wildfire and tornado/hail activity. We will closely monitor the inflationary impact, if any, of tariffs on such items as building materials and the subsequent effect on increased replacement cost(s).

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