



2025 Year-End

NFP Property and Casualty

Client Trend Report

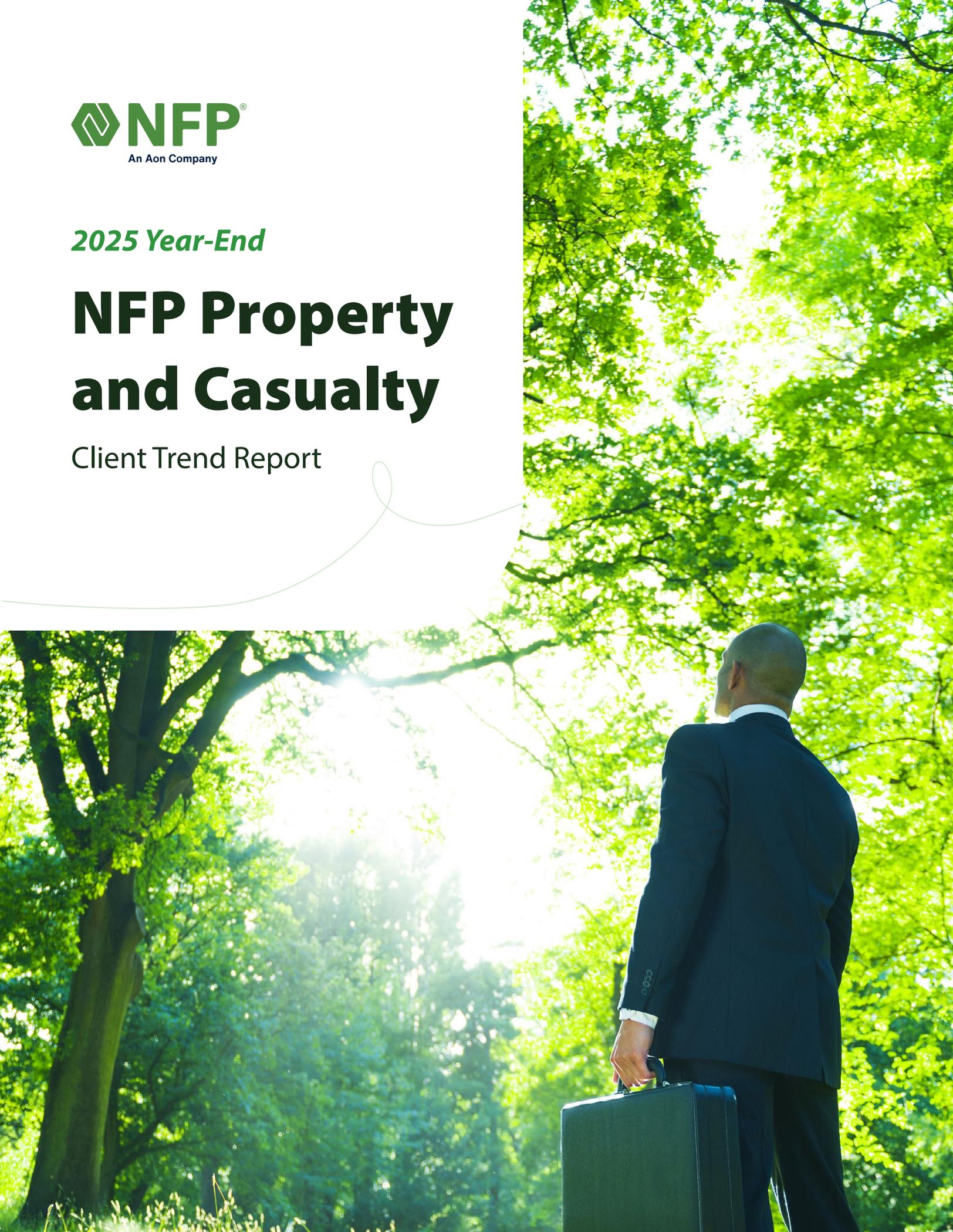




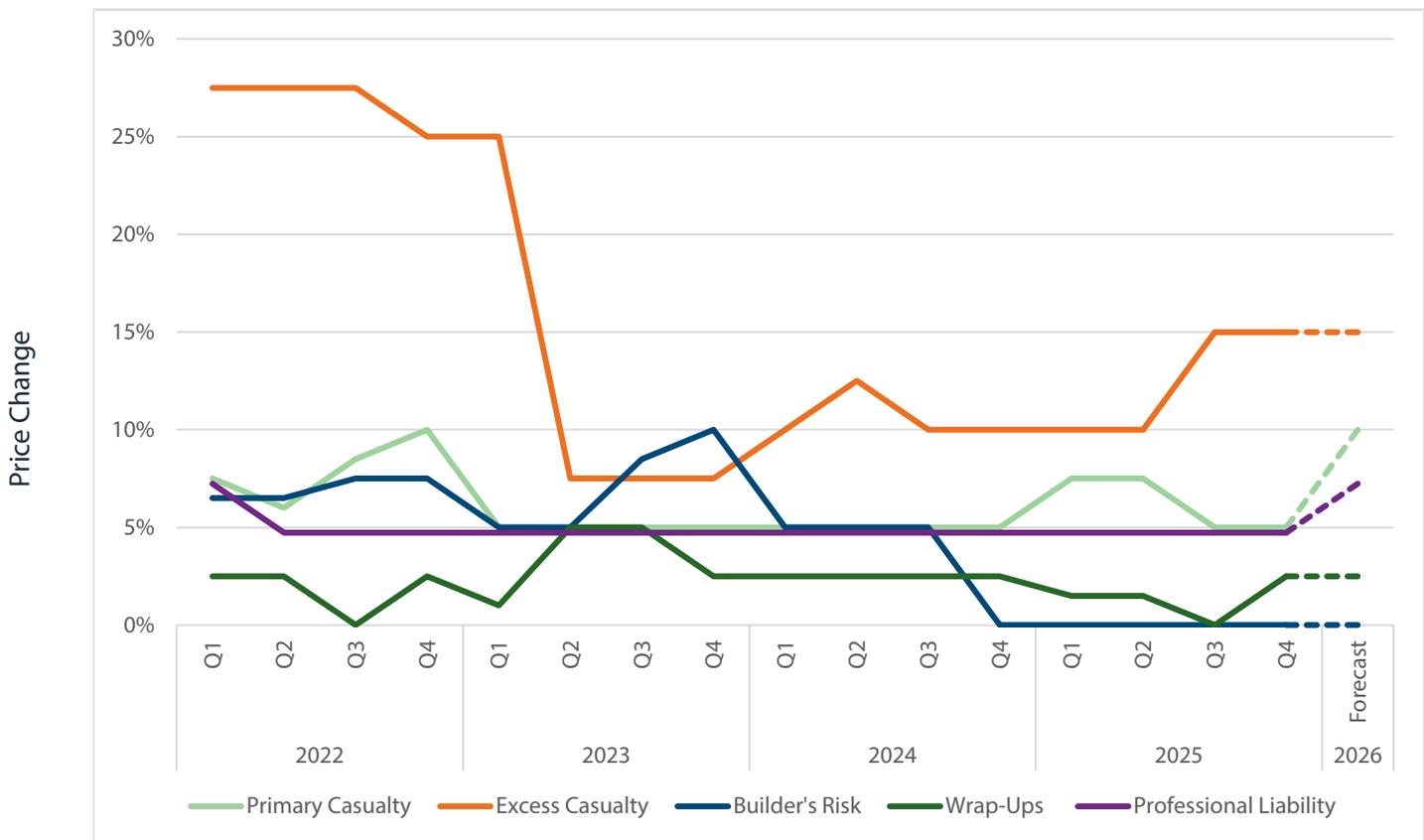
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Construction and Infrastructure

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



Construction and Infrastructure

H2 Summary

The North American construction and infrastructure sector closed the second half of 2025 facing a familiar mix of ongoing pressures and evolving market conditions. Contractors continued to face elevated claim severity, persistent litigation trends and inflation, particularly in labor and materials, even as certain areas of the insurance market began to show signs of stabilizing.

Rising jury verdicts, higher repair costs, selective underwriting and social inflation remained central challenges throughout H2. In response, carriers continued to sharpen underwriting standards and tighten policy language, especially around emerging exposures such as biometric data, PFAS and technology-related risks. Third-party litigation funding also continued to influence both the frequency and cost of claims, reinforcing a cautious approach across casualty and property lines.

Labor constraints remained another defining theme. Across multiple product lines, carriers emphasized stronger risk controls and higher retentions, with underwriting outcomes increasingly tied to the quality of a contractor's internal practices and risk management discipline.

These pressures played out differently across major coverage lines. Primary casualty experienced steady but moderate rate increases, particularly in general liability (GL) and auto liability, driven by deteriorating loss experience and ongoing cost inflation. Excess casualty capacity remained tight, often requiring multilayer program structures and closer alignment with underlying coverage. Builder's risk results varied widely by project type: well-controlled projects continued to secure competitive terms, while catastrophe-exposed (cat-exposed), engineered-risk and complex infrastructure projects faced firmer pricing, higher retentions and more tailored endorsements.

Surety conditions remained relatively stable, supported by strong carrier capital and historic construction backlogs, though elevated claim activity led to more conservative underwriting. Subcontractor default insurance (SDI) outcomes were similarly dependent on contractor performance, with rising demand on mega projects and retentions increasing alongside project size. The construction professional liability market held steady overall, with pricing and capacity largely driven by firm-specific risk profiles and higher repair costs contributing to claim severity. Wrap-ups remained consistent, although high-risk jurisdictions, most notably New York, continued to experience capacity constraints and increased reliance on quota-share placements.



Tariffs also emerged as a new consideration in H2 2025, influencing construction costs and planning decisions. [Construction Dive](#) highlighted uncertainty around whether higher near-term costs could eventually support domestic manufacturing and improve long-term resilience for U.S. builders. This dynamic became more complicated when viewed alongside labor market trends. The [Engineering News-Record](#) reported that construction job openings fell to extraordinarily low levels in October, nearing those seen during the pandemic.

Taken together, the second half of 2025 reflected a sector working to find balance amid legal, economic, insurance and labor pressures. While some areas showed signs of stabilization, others continued to evolve, underscoring the complexity of the construction and infrastructure risk environment as the year came to a close.

Liability (Primary and Excess Casualty)

For the second half of the year, we started to see a leveling out around terms, conditions and pricing. Some new markets entered the construction space with a focused appetite and tailored solutions (e.g., data centers and infrastructure projects/contractors).

Builder's Risk

The relatively benign cat year led to strong carrier loss performance and continued the downward pressure on rates. This rate improvement was somewhat offset by the introduction of more restrictive coverage language brought on by new large and complex projects. Deductibles continued to rise, creating more incentive for clients willing to invest in risk controls to better protect jobsites and prevent claims.

Surety

Pricing remained stable for top-tier accounts, while higher-risk profiles saw flat rates accompanied by added safeguards such as collateral or funds control. Capacity across North America was strong, supported by resilient construction activity, record backlogs and a highly competitive, well-capitalized carrier landscape, though elevated claims continued to drive cautious underwriting in higher-risk segments.

Subcontractor Default Insurance

Claims activity remained a concern, with an increase in sub insolvencies and subs struggling to maintain their schedule commitments due to labor constraints. Current immigration policy has been having a negative impact on labor availability. Claims severity was on the uptick due to the cost to replace subs on fast-paced projects and due to overall labor demands. Electricians continued to be a hot spot in the industry as well, which shows no signs of letup with the rapid rise in the data center market sector. Pricing remained competitive for insureds with a low loss history and favorable operational controls, however. Due to mega projects, excess SDI has become more common for addressing the need for larger limits, where overall carrier appetite to increase limits on base programs remains challenged. We also saw an uptick in one-off project-specific coverage for a non-SDI buyer due to owner and financial lender stipulations for subcontractor performance security solutions.

Construction Professional

Pricing, limits, retentions and coverage remained steady through the second half of 2025, with rate movements driven mainly by each firm's individual risk profile. A new carrier entered the contractors and owners market late in the year, while claims activity stayed in line with historical levels, though rising material costs continued to increase payments for property damage claims.

Wrap-Ups

GL rates saw slight increases, with higher spikes in jurisdictions prone to nuclear verdicts, while excess rates remained favorable except in New York due to labor law exposures. Carrier capacity held firm overall, but remains limited for high-risk areas like California, Florida and New York, and for wood-frame projects, which are still largely placed with excess and surplus carriers (though some managing general agents (MGAs) like Shepherd have expanded offerings). Alternative dispute resolution (ADR) in New York showed positive impact, leading to potential reductions in premiums and collateral requirements, while retentions and coverage restrictions stayed mostly consistent. Market challenges persisted for residential and certain commercial projects, with strict defect laws in California, wrap-up limitations in New York and Florida, and ongoing pressure from social inflation and nuclear verdicts driving market concerns on liability severity.

Construction and Infrastructure 2026 Outlook

Looking ahead, infrastructure activity, mega projects and data-center development are poised to shape North American construction trends going into 2026. Below is our forecast for key insurance and surety products for 2026, reflecting how macroeconomic shifts are expected to impact each product line.

Liability (Primary and Excess Casualty)

In 2026, both primary and excess markets are expected to remain firm, with continued rate increases driven by loss severity, social inflation and underwriting caution. Higher limits and retentions will remain a focus as nuclear verdicts, litigation funding and emerging risks such as AI-related liabilities shape coverage terms and capacity deployment. Capacity constraints in the excess market will continue to require layered programs, while carriers across both towers remain selective and emphasize disciplined risk management and alternative structures.

Builder's Risk

Expect the upcoming year(s) to be a time of meaningful change in the way carriers evaluate risk, contractors and developers protect jobsites, and claims are settled. The convergence of advanced cat models, jobsite technology and AI are all poised to impact the way the risk transfer market operates. Risk sharing – via quota-shared and fronted placements – should create a more stable market for the construction industry at large.

Surety

Pricing is expected to remain stable through 2026, supported by strong capacity and competitive market conditions. Capacity should remain readily available for well-capitalized accounts despite tighter underwriting, while ongoing consolidation and new entrants, particularly in Canada, shape the market. Claims are expected to remain stable, though increased construction activity may introduce modest default risk.

Subcontractor Default Insurance

Very large data center and similar projects will continue to drive large subcontractor exposures and the potential for large claims, so we will continue to monitor carrier responses to these market conditions. We otherwise expect pricing to remain competitive and carrier offerings to continue to respond to market needs, particularly around the excess SDI solution and one-off project-specific coverage for non-SDI buyers through SubSelect.

Construction Professional

The 2026 construction professional market is expected to remain generally stable, with pricing largely driven by each firm's risk profile. Higher-risk firms may see increases, while stronger performers could experience flat or even lower rates. Capacity and retention levels should hold steady, supported by a few potential new entrants, and only minimal shifts in coverage are anticipated aside from emerging innovations related to technology and AI. Claims frequency is expected to stay consistent with historical trends, though rising material and labor costs may continue to push claim severity higher.

Wrap-Ups

Rates are expected to remain stable in most states through 2026, though reinsurance treaty renewals could drive excess rate increases, particularly at lower attachment points. Large projects seeking \$100M+ in excess limits should still see competitive pricing, while carriers continue to use quota share structures and selectively deploy capacity, especially for wood-frame construction and high-risk jurisdictions like New York. Retentions are projected to stay consistent for most projects, but inflation, nuclear verdicts and economic volatility may push higher retentions for complex undertakings, making alternative risk strategies such as captives worth considering. Early engagement and strong submissions will be critical for securing favorable terms as carriers face capacity constraints in New York City and other challenging markets, while legal and cost pressures nationwide are likely to increase litigation risk.

Primary Casualty (WC, GL, Auto)

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-10% to 20%</p>	<p>GL rates have leveled off, now increasing by approximately 5% to 15% for most accounts, reflecting a more stable environment compared to previous hard market conditions. Auto liability insurance premiums continued to climb, typically rising between 10% and 20%, driven by adverse loss ratios, ongoing litigation, higher repair costs and operational expenses. Workers' compensation (WC) pricing remained steady, with changes ranging from a 10% decrease to a 5% increase.</p>	 <p>0% to 20%</p>	<p>Looking ahead, GL pricing is expected to remain within the 5% to 15% increase range, with higher rates anticipated for high-risk sectors or challenging jurisdictions. Auto liability premiums are projected to keep rising, and carriers are applying greater scrutiny to fleets with poor loss histories.</p>
 <p>Limits</p>		<p>GL limits were still accessible but increasingly accompanied by exclusionary endorsements. Auto liability limits are being reduced due to frequent and severe claims, which is placing additional pressure on umbrella markets to provide coverage at lower thresholds. WC limits remain unaffected.</p>		<p>Large jury verdicts continue to drive the need for higher coverage limits.</p>
 <p>Retentions</p>		<p>GL retentions were generally stable, though carriers are urging higher-risk sectors to adopt larger deductibles or self-insured retentions. Auto liability retentions trended upward, especially for fleets with unfavorable loss records. Small WC deductibles (\$5,000 to \$10,000) remained common, but captives are gaining popularity as clients seek more control and are willing to take on larger deductibles and retentions across all three lines.</p>		<p>There is an expectation of increased retentions, particularly in sectors or regions facing litigation or restrictive coverage.</p>
 <p>Coverage</p>		<p>GL coverage has narrowed due to new exclusions for PFAS, biometric data and abuse-related claims. Auto liability underwriters are responding to nuclear verdicts and distracted driving by tightening guidelines. WC coverage has remained stable.</p>		<p>Carriers will continue to refine policy language as biometric data definitions evolve and new liability risks emerge. PFAS exclusions are expected to persist. The adoption of AI for training and risk analysis will expand, and regulatory changes may impact policy terms.</p>
 <p>Carrier</p>		<p>GL underwriting selectivity remained a standard practice. Auto liability underwriting appetites shrank, particularly for fleets with poor loss histories or inadequate driver approval processes. Workers' compensation appetite was strong due to profitability, and carriers offering GL and auto liability were increasingly encouraging WC bundling.</p>		<p>Underwriting caution is expected to continue, with carriers incentivizing higher deductibles and alternative risk solutions.</p>
 <p>Claims</p>		<p>Claim activity stabilized in frequency but remained elevated in severity across all casualty lines. WC continued to show steady reductions in lost-time claims, though medical inflation is now offsetting some of those gains. GL and auto claims saw more protracted settlement timelines, driven by increased plaintiff sophistication and higher demand expectations. Social inflation remained a defining factor, compounded by evolving courtroom technology and broader jury empathy trends.</p>		<p>In 2026, it is expected that claim costs will continue to increase due to persistent medical and wage inflation, growing litigation funding activity and sustained nuclear verdict exposure. Claims involving commercial auto and large loss GL exposures will likely see the steepest rise in severity. Carrier and insured focus will shift toward earlier resolution strategies, greater use of AI-driven claim triage and targeted litigation management programs.</p>

Excess Casualty

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>10% to 40+%</p>	<p>Rate increases for excess casualty accelerated to a range of 10% to 20%, with higher-hazard risks experiencing even steeper hikes of 25% to 40%.</p>	 <p>10% to 20%</p>	<p>Upward rate pressure is expected to persist, with most sectors likely to see increases between 10% and 20% over the next year.</p>
 <p>Limits</p>		<p>Available limits continued to contract, shrinking by 25% to 30%. As a result, insureds must rely on more carriers to participate in excess towers, requiring additional layers to achieve desired coverage.</p>		<p>Capacity constraints are expected to continue, making it necessary to stack multiple layers to secure full coverage.</p>
 <p>Retentions</p>		<p>Carriers increasingly sought higher retentions in the lower layers and preferred to position themselves higher up in the excess tower.</p>		<p>The trend toward higher retentions in lower layers is expected to persist.</p>
 <p>Coverage</p>		<p>Coverage remained constrained, with carriers requiring close alignment between excess and underlying primary policies.</p>		<p>Vertical exhaustion clauses are anticipated to become more common, and new risks, such as those related to generative AI, may emerge.</p>
 <p>Carrier</p>		<p>Fewer carriers were willing to offer large limits, especially in the lower layers of the tower. Vertical exhaustion clauses were under increased scrutiny.</p>		<p>Capacity constraints are expected to persist, with excess carriers remaining selective about attachment points. Bundling excess with primary coverage may help facilitate placement.</p>
 <p>Claims</p>		<p>Excess casualty markets remained challenged by severity-driven losses and an evolving litigation environment. Carriers maintained disciplined underwriting for construction risks. Elevated jury awards and policy erosion from higher underlying attachment point losses kept reinsurers cautious and retention levels elevated. Despite increased competition among new market entrants, pricing discipline and attachment selectivity persisted as core market themes.</p>		<p>In 2026, claim results impacting the excess casualty market will continue to hinge on the pace of social inflation and judicial reform efforts. Ongoing nuclear verdict exposure and litigation funding will sustain upward pressure on claim severity. The market is focusing on improved data analytics, risk differentiation and targeted layering strategies to preserve profitability amid an uncertain liability environment.</p>

Builder's Risk

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-5% to 5%</p>	<p>Rate trends continued to vary by project size, location and scope. Clients with clean loss history and a track record of investing in risk controls were rewarded with rate reductions. Some pockets of rate increases were still seen on cat-exposed and engineered risk projects.</p>	 <p>-5% to 5%</p>	<p>Calendar year 2025 appears to have been relatively benign for many carriers. This should increase competition and continue to drive rates down in 2026. The pace of data center construction remains somewhat of a question mark that could impact capacity and rate available across the builder's risk landscape. If construction of these mega facility slows, there may be increased competition for premium growth, resulting in downward pressure on rates.</p>
 <p>Limits</p>		<p>The second half of 2025 showed some positive trends in carrier capacity deployment. Mega projects began to push carriers to deploy more capital, while also encouraging innovative approaches to how that capital is deployed. Probable maximum loss studies became more commonplace for projects \$1B+, helping create consensus and comfort around deploying limits. Smaller projects continued to see full support from the markets.</p>		<p>Expect the amount of capacity available to increase in the years to come. This increase will likely result from new innovations in carriers fronting products and quota sharing projects more easily. As project sizes have increased, more carriers are being required to offer quota share solutions to clients, increasing the overall capacity available. Risk modeling technology and probable maximum loss studies are also helping to create comfort around potential loss and thus encouraging capacity deployment.</p>
 <p>Retentions</p>		<p>Deductibles and retentions continued to climb. Project cost and claims cost inflation caused carriers to push more risk onto insureds. In some cases, this was rewarded with flat or reduced rates. However, strict review and implementation of risk controls are required to benefit from this improved pricing.</p>		<p>While deductibles and retentions remain elevated, we're starting to see serious benefits from technology and risk control driving reductions. Many carriers are starting to offer immediate reductions if certain controls are in place. As project sizes increase, more carriers are also willing to cap deductibles for perils that typically experienced percentage retentions based on the value of work exposed at the time of the loss. These caps can help protect client balance sheets and stop deductibles from escalating to unreasonable levels.</p>
 <p>Coverage</p>		<p>In today's market, carriers are increasingly using customized endorsements to clarify – and sometimes limit – coverage. This trend was especially noticeable on projects with wet works, piling operations and renewable energy, where policy language is becoming more restrictive. While these changes can impact coverage, they're not set in stone. Moving forward, early engagement with your carrier is essential to negotiate terms and demonstrate the risk controls you have in place. Proactive communication can make a real difference in securing broad coverage language.</p>		<p>As carriers gain more experience with emerging project types, you can expect coverage options to improve. The fast-paced growth of data centers and energy modernization has introduced risks that many U.S. carriers are still learning to navigate. But as their understanding deepens, more tailored and comprehensive coverage solutions will become available, giving insureds greater flexibility and protection in these evolving sectors.</p>
 <p>Carrier</p>		<p>As carriers become more specialized, we're seeing a rise in MGAs that focus on niche areas of the market. This expansion has attracted new capacity, giving buyers more options than ever before. While large, complex risks still rely on a limited pool of carriers with the appetite to underwrite them, projects valued under \$100M now benefit from a much broader range of carrier participation — making it easier to find competitive and tailored coverage.</p>		<p>Risk sharing is going to be a major theme in 2026 and beyond. U.S.-based underwriters have historically looked to take all, or most, of the risk on a project. We're now seeing a more "rest of world" approach, with more multi-carrier and quota shared programs. Advances in underwriting tools, claims and policy products have made it much easier for this sharing of risk, which should encourage more carriers to enter the builder's risk space.</p>
 <p>Claims</p>		<p>The elevated frequency of severe convective storms seen over the past few years was tempered in H2 by limited traditional cat activity, including hurricanes, earthquakes and floods. Additionally, wildfire losses have also stabilized, contributing to relatively balanced overall results.</p>		<p>As large-scale data center and energy infrastructure projects advance, claims frequency and severity are expected to rise. The complexity and limited availability of specialized equipment may extend repair timelines and drive higher claim costs. However, this trend may be offset with the assistance of AI in confirming coverage, reviewing document intensive claim submittals and resolving claims quicker.</p>

Surety

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	—	<p>Pricing across North America remained stable for top-tier accounts. For clients with higher risk profiles or weaker credit standings, markets are increasingly holding rates flat while introducing additional safeguards. These may include measures such as funds control, letters of credit or cash collateral to help mitigate payment exposure.</p>	—	<p>We anticipate pricing stability to remain stagnant across North America over the next 12 months, supported by strong carrier capacity, competitive market conditions and reduction in interest rates.</p>
 <p>Capacity</p>	—	<p>Construction activity across North America continued to demonstrate remarkable resilience. Overall spending remained strong, supported by robust demand across both public and private sectors. Contractor backlogs were at historic highs, signaling sustained confidence and a healthy pipeline of projects well into the coming year. Despite persistent macroeconomic headwinds such as inflationary pressures, the market showed no signs of capacity constraints. Surety carriers remained well-capitalized and positioned to meet placement demands, ensuring liquidity and stability for contractors navigating complex financial environments.</p>		<p>We expect surety capacity to remain stable in the near term. While a modest increase in claims may lead to more rigorous underwriting, well-capitalized accounts should continue to access ample capacity with ease. The market remains attractive, drawing new entrants, and further consolidation – particularly within Canada – is anticipated as carriers seek scale and efficiency.</p>
 <p>Carrier</p>	—	<p>The North American surety market remained highly competitive, with a dense concentration of carriers actively seeking growth opportunities. Notably, new entrants explored the space, U.S.-based carriers are expanding their footprint into Canada, and several European companies are evaluating entry into the North American market. This influx of participants underscores the attractiveness of the sector and signals continued pressure on market share and pricing dynamics. For certain segments, particularly those where traditional underwriting appetite has narrowed, MGAs played an increasingly important role. While carrier diversification benefits contractors seeking options, it also introduces complexity in navigating terms and conditions.</p>	—	<p>We expect continued stability among leading surety carriers across North America, with no significant displacement anticipated in the near term. As more Canadian industries adopt bonding for obligations that previously relied on alternative security forms, the surety market is positioned for growth. This trend is attracting new entrants and is likely to drive increased consolidation within the sector.</p>
 <p>Claims</p>	—	<p>Claim activity in the surety sector remained elevated compared to historical norms, creating pressure on underwriting strategies and decreased appetite for certain business classes. Market feedback and Surety and Fidelity Association of America data indicated that, while some carriers are experiencing more pronounced losses than others, the overall health of the surety market has remained strong.</p>	—	<p>We expect claim frequency and severity to remain stable in 2026. While overall construction activity continues to rise, prevailing economic uncertainty should lead to further infrastructure spending to stimulate the economy. This also includes greater backlogs and a potential greater possibility of default.</p>

Subcontractor Default Insurance

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>		<p>Pricing remained competitive overall, with pricing based on a variety of factors. Each program pricing reflects their own loss history, program structure (loss limits, deductible levels, etc.) and risk factors such as how the general contractor (GC) prequalifies their subs and other operational controls. Optio's pricing rose slightly since they updated their syndicate panel and price model in 2024.</p>	 <p>0% to 5%</p>	<p>We expect pricing to remain reasonably stable, though with the potential for slight increases as claims remain a concern across carriers. Inflationary pressure on material and equipment costs in the construction industry has also led to higher claim costs in recent years. This may lead to carriers wanting to recapture that with higher pricing long term. For insureds with low loss activity and good risk mitigation controls, pricing should remain competitive though.</p>
 <p>Limits</p>		<p>Loss limits remained stable overall, with the seven U.S. primary carriers offering at least \$50M single and \$100M aggregate limits at a minimum. AXA XL was able to offer \$75M/\$225M and Liberty offered \$100M/\$300M on the higher end. Excess SDI limits became more common, with a few carriers writing coverage above another policy to allow for higher limits for jumbo sub-trade packages driven by the rise in mega projects (data centers, institutional healthcare, chip fabrication plants, etc.). Excess SDI limits above base policies may also be an option for programs with smaller limits, but one-off exposures above base program values.</p>		<p>Quota share coverage was difficult to reconcile between carriers and is, practically speaking, not a realistic option at this point. Excess SDI, where the second carrier is willing to "follow form," has been generally well received by the marketplace and should remain the solution to addressing larger loss limits.</p>
 <p>Retentions</p>		<p>Retentions remained stable overall, generally staying in the \$750,000 to \$1M range at a minimum, and then increasing from there commensurate with the overall size and limits of the SDI program in place. Hudson will go as low as \$250,000 for small, new programs. Larger program deductibles can increase to \$2M, \$5M, \$10M or even higher. High revenue GCs with very large SDI enrollment volumes continued to bet on themselves and take higher retentions, since there is more upside for them to fund their aggregate retention pool and benefit long-term if they can avoid claims activity.</p>		<p>We don't anticipate any major changes to retention strategies over the next 12 months, except for larger programs driven by mega projects, which will demand a higher retention limit relative to the loss limits being extended. Deductibles will be higher if seeking full loss limit values for your program.</p>
 <p>Coverage</p>		<p>Excess SDI started to be more commonly available and is a solution when you need increased limits for large sub-trade package exposures, or sometimes even large projects that don't fit within current programs. SubSelect remains a good solution for non-SDI buyers who need SDI for a one-off project-specific solution.</p>		<p>There is potential for another carrier to offer project-specific SDI coverage for a GC who doesn't currently have a rolling SDI program. Berkshire Hathaway has been considering offering an excess follow form as well, though timing of this offering remains in limbo as they're waiting for the right opportunity to solidify the coverage terms.</p>
 <p>Carrier</p>		<p>Carrier participation remained steady, with seven carriers writing SDI programs (Arch, AXA XL, Berkshire Hathaway, Hudson, Liberty, Optio and Vantage) in the U.S. In Canada, three (AXA XL, Liberty and Optio) are willing to write coverage, but there isn't a large enough market (15 +/- buyers) to support additional carriers currently. Vantage will write in Canada on a non-admitted basis, but the market isn't currently as interested in that option. Hudson will write excess SDI.</p>		<p>Looking ahead, Hudson is expected to continue quoting excess SDI programs in Canada, as they have recently entered the market. Vantage has indicated that they are still considering quoting in Canada but, as of now, they have not yet done so due to the limited pool of SDI buyers currently. Shepherd has mentioned potential interest in writing SDI, but they are focused on expanding other lines of construction insurance first.</p>
 <p>Claims</p>		<p>There was a slight decrease of SDI claim notices for the largest carrier, which is in line with a similar drop in enrollment volume for that carrier. Market intelligence indicated at least one limits level loss on a data center project, while electrical trades remained a key area of concern given sustained demand for qualified craft labor.</p>		<p>Labor challenges in the construction industry remain a hot spot, particularly with current immigration policies having an adverse effect on labor availability. Tariff effects on pricing remain in flux and may cause further financial strain on subcontractors. Additionally, larger project and subcontract values will further strain cash flows, which can also lead to insolvencies and defaults. Labor, cash and quality remain the primary leading cause of sub defaults.</p>

Construction Professional

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-5% to 15%</p>	<p>Throughout the second half of 2025, pricing remained consistent with the trends seen over the past 12 months. Firms with low-risk profiles and good loss experience saw flat or declining rates. Firms with higher risk profiles and adverse loss experience saw rate increases commensurate with their individual firm profile.</p>	 <p>0% to 15%</p>	<p>Despite certain headwinds related to increasing material and labor costs resulting in increasing repair costs, all of which impact the cost to resolve claims, the pricing forecast for the entirety of the construction professional market for the upcoming 12 months is generally stable. We anticipate rate and premium increases to be based on individual firm risk profiles, particularly around change in revenue, project type and loss experience. Those firms with higher risk profiles such as high-risk project types and adverse loss experience will experience rate increases, while firms with a lower risk profile and good loss experience will see flat to possible rate decreases. Marketplace expansion may help keep downward pressure on rate.</p>
 <p>Limits</p>		<p>Capacity remained at consistent levels throughout 2025.</p>		<p>New entrants will help overall marketplace capacity in 2026. However, we do not anticipate any meaningful increase in deployable capacity from individual carriers.</p>
 <p>Retentions</p>		<p>Generally, retention levels remained consistent and stable throughout 2025. Fluctuations in retentions were experienced at the individual firm level, not on a wholesale marketplace or insured-type basis.</p>		<p>We anticipate 2026 will see a continuation of stability in retention levels, and retentions will be based solely on individual insured firm risk profiles.</p>
 <p>Coverage</p>		<p>Coverage grants across all segments of construction professional remained consistent through 2025.</p>		<p>Although we do not anticipate significant coverage changes in 2026, we will keep a close watch on the market for any coverage innovations, particularly related to technology and AI.</p>
 <p>Carrier</p>		<p>A new carrier entered the contractors and owners market in Q4 2025.</p>		<p>The available market across the entire spectrum of the construction professional marketplace is expected to remain at current levels. However, we could see one or two additions to the marketplace in 2026.</p>
 <p>Claims</p>		<p>Claims frequency remained in line with historical patterns, though costs trended higher due to prolonged project schedules and escalating labor expenses. Design-related disputes tied to scope changes and construction delays are becoming more complex due to the increasing number of mega projects.</p>		<p>In 2026, overall claim volume is expected to stay stable, but cost pressures from material escalation and schedule overruns may continue to elevate claim severity. The market will focus on early dispute resolution and enhanced contract clarity to mitigate exposure.</p>

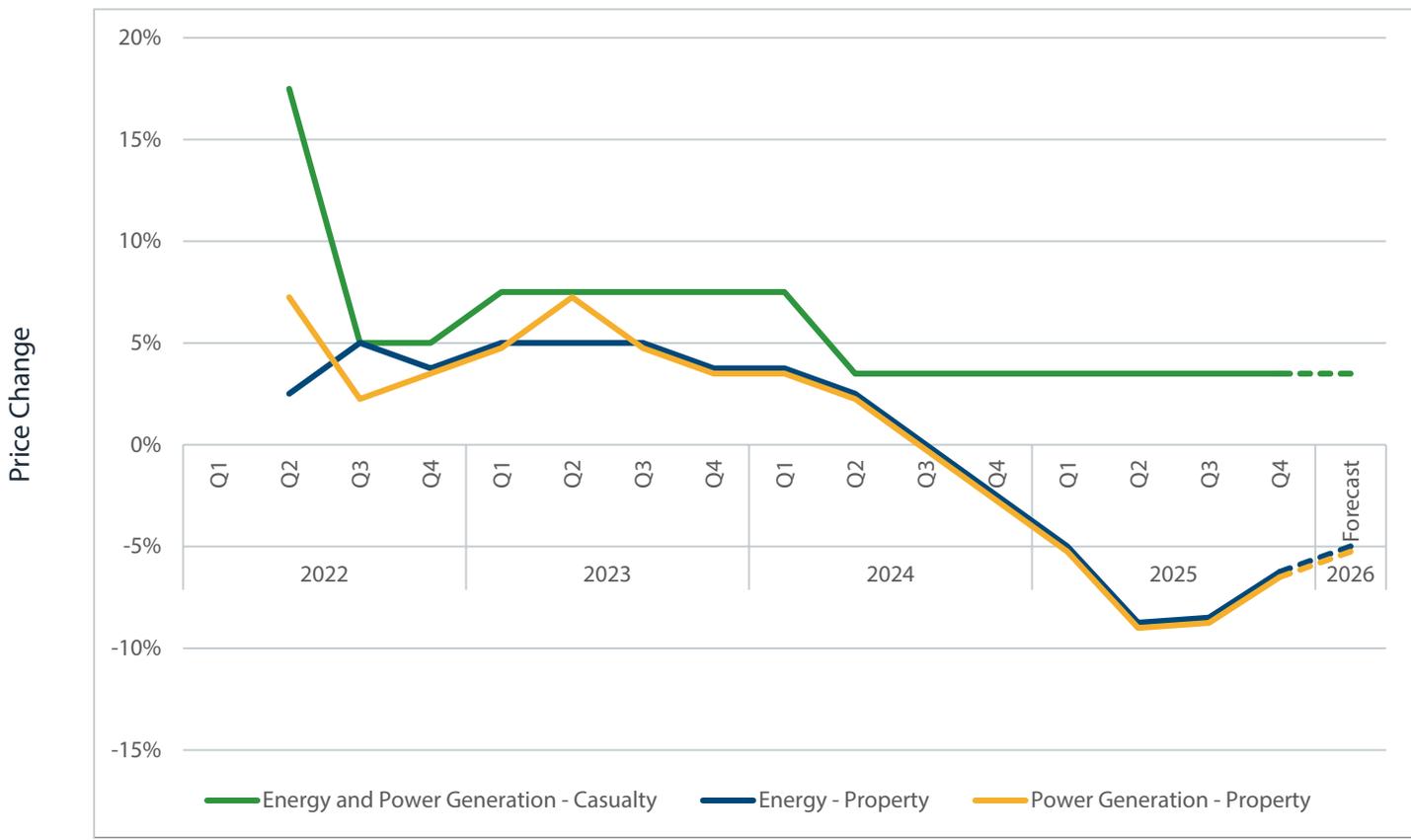
Wrap-Ups (OCIP and CCIP)

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>0% to 5%</p>	<p>GL rates for commercial risks saw slight increases in pricing, but select jurisdictions known for producing nuclear verdicts faced even higher increases. Excess rates continued to be favorable, with exceptions in New York where carriers contend with the potential for high-valued labor law claims. Select carriers were offering reduced rates on projects where GCs employ strategic technology tools (i.e., Procure, Arrowsight, etc.). In New York, alternative dispute resolution (ADR) began to have an impact with carriers, which is providing the potential of lower fixed-cost premiums and/or lower collateral requirements due to favorable loss trends on ADR projects.</p>	 <p>0% to 5%</p>	<p>Rates are anticipated to remain balanced in most states but is dependent upon the renewal of certain reinsurance treaties as of January 2026. Regardless of the state, the market could experience more excess rate increases combined with lower attachment points and driven by reinsurance conditions. However, large building projects requiring \$100M+ of excess limits are expected to yield continued competition among carriers leading to advantageous rates to complete the excess tower.</p>
 <p>Limits</p>		<p>Primary and excess capacity held firm in the second half of 2025. Carrier capacity in high-risk areas (California, Florida, New York) remained limited along with wood-framed projects across the country. However, wood-frame has been traditionally placed with excess and surplus carriers, but some limited direct carriers and MGAs have written primary and/or excess wood-frame projects that involve experienced contractors and developers. We were still experiencing multiple excess layers requiring quota share arrangements to fill out an excess tower. Excess attachment points held constant, other than New York City, which continued to be a challenge for unique risks. Regarding New York City infrastructure projects, NFP encountered capacity challenges with several direct primary and excess carriers resulting from their previous commitments to similar exposures in the vicinity.</p>		<p>Across the country, we continue to project that primary limits will remain constant, but excess carriers will selectively deploy capacity and utilize a quota share approach on most projects, especially in wood-frame construction. Lead excess capacity could be affected by reinsurance treaty renewals but mostly for unfavorable jurisdictions. Primary and excess capacity in New York (especially New York City) remains a challenge due to the labor law exposures, unfavorable legal environment and the plethora of ongoing and future mega projects that have already restricted certain carriers from deploying future capacity.</p>
 <p>Retentions</p>		<p>Retentions were consistent in 2025, with no major changes compared to the first half of 2025. In certain favorable states, NFP was able to achieve \$100,000 deductibles for a two-line program, which is extremely rare in today's markets. In states that favor defendants, we suggest requesting a \$100,000 option for a two-line program. A majority of the GL-only programs have retentions between \$25,000 and \$100,000 with residential GL-only programs averaging a slightly higher range between \$50,000 and \$100,000.</p>		<p>While 2026 retention structures are anticipated to be consistent with 2025 for most projects, larger and more complex undertakings are likely to face growing pressure for higher retentions. Key factors fueling this shift include inflation, escalating nuclear verdicts and broader economic volatility. To navigate these challenges effectively, forward-thinking clients may benefit from considering alternative risk strategies, including captives, as part of a comprehensive approach to managing emerging liabilities.</p>
 <p>Coverage</p>		<p>No major shifts in coverage were observed during the second half of 2025. The construction insurance market continued to face difficulties in a multitude of states and project types, specifically residential projects. In California, strict construction defect laws presented a challenge to navigate and attain the risk transfer needed for both residential and commercial risks. In New York, GL-only wrap-ups are generally not available (although one market is providing them on projects meeting specific criteria), and owner/GC programs need to be carefully vetted due to extensive restrictions or exclusions. In Florida, markets previously providing owner/GC programs curtailed this offering, forcing insureds to either use a traditional approach or utilize a wrap-up.</p>		<p>Market expectations point to stable coverage through 2026, pending reinsurance treaty renewals. Carriers are signaling that early engagement and well-thought-out submission packages are critical for securing optimal terms and conditions.</p>
 <p>Carrier</p>		<p>Everest was sold to AIG in Q3 2025. Currently not expected to affect Everest excess/surplus lines placements, though wholesalers, property and casualty placements will be wholesale only going forward, and admitted paper is still available. However, Everest will be transferring retail accounts to AIG (tentatively effective 1/1/26), and it is still undecided on when they will shut down new business. Tradesman is a relatively new wrap-up MGA, using Clear Blue paper for GL and a different carrier for workers' compensation, aimed at projects valued at \$250M or more, but they have been selective in their capacity. Tradesman was consistently writing policies for trade contractors, which is where they currently excel. Shepherd is now open to write primary and excess in all states, with their only exception being GL in New York.</p>		<p>The Everest sale to AIG will continue to be monitored for updates. NFP is closely watching Tradesman for traction with future programs. Clients operating in New York should anticipate fewer carrier options, as the surge in major infrastructure projects places pressure on available limits.</p>
 <p>Claims</p>		<p>Liability claim severity continued to escalate due to social inflation, escalating medical costs and larger jury awards. Third-party administrator staffing turnover and shortages negatively impacted claim responsiveness, particularly as carriers continued to outsource more claims handling and administration responsibilities. In New York, WC ADR continued to yield improved outcomes and faster resolutions as compared to the traditional workers' compensation board system.</p>		<p>In 2026, rising project costs due to inflation and tariff-related cost pressures are expected to sustain upward pressure on claim values. Heightened litigation activity and jury sensitivity to corporate defendants may further challenge wrap-up programs. To mitigate future exposure, it is imperative to proactively review project limits, align coverage with evolving legal and economic conditions, and strengthen contractual risk transfer language.</p>



Energy

Energy and Power Generation



Energy H2 Summary

Property

The energy insurance market closed out 2025 with a distinctly mixed outlook across segments. In the downstream property space, the softening trend that began earlier in the year continued to gain traction. After several years of elevated rates, insurers were increasingly willing to entertain modest reductions, particularly for well-engineered, loss-free accounts. This shift reflected strong sector profitability in 2023 and relative stability throughout 2024, which have encouraged greater competition and underwriting flexibility. However, pricing outcomes have become more variable, driven by differences in risk quality and premium volume. Established carriers are aggressively defending market share, offering larger lines and competitive terms to retain preferred risks — especially in oversubscribed programs where new entrants have been challenging incumbents.

Softening in property rates is expected to continue into 2026, driven by improving market capacity, increased competition among established carriers and a more stable loss environment. While individual account outcomes will still depend heavily on risk quality, engineering data and valuation accuracy, the broader trend suggests continued downward pressure on pricing as insurers seek to deploy capital and maintain premium volume in a moderating market. Midstream clients continue to leverage capacity from both upstream and midstream carriers, resulting in significant pricing efficiencies and expanded opportunities for insureds.

Upstream

The casualty side of the upstream sector continued to experience bifurcation. While strong capacity and competitive underwriting have contributed to softening conditions for clean, loss-free accounts, large accounts requiring significant limits and/or accounts with loss frequency and severity are experiencing increased challenges such as reduced participation from long-standing insurance carriers and need for additional carrier participation. This reduction in active markets has increased reliance on multi-carrier placements and new market entrants, including managing general agents to fulfill coverage needs, add competition and drive innovation in underwriting. Despite these challenges, the upstream segment demonstrates overall stability with pricing discipline. The marketplace will see a continuation of stable to softening market conditions for upstream energy, with carriers actively competing for clean risks while maintaining caution or higher standards on larger and/or challenging risks.

Legal and jurisdictional severity in parts of Texas and Louisiana significantly influence pricing and limit deployment.

Midstream

The casualty energy market, although stable, started to show a flattening trend in rate movements. Loss trends and auto exposures are keeping pricing slightly positive, yet new capacity is consistently entering the U.S. domestic market. As loss development from 2020 to 2024 continues to increase, underwriters are anticipated to maintain rates close to flat as they enter 2026, rather than reversing the current trend.

Additionally, the casualty market was still facing challenges from escalating severity and litigation costs. Factors such as nuclear verdicts, third-party litigation funding and social inflation are contributing to claims inflation and restricting the degree of rate softening. Insurers have become more cautious, reducing limits and implementing higher attachment points to control volatility.

Jurisdictional issues were particularly pronounced in states like Texas and Louisiana, where plaintiff-friendly courts have exerted pressure on pricing and diminished available capacity. M&A activity will continue to be robust due to such factors as strategic corporate buyers leading the charge, a focus on high-value assets and diversification by private equity firms to diversify their assets to monetize prior and/or current investments and overall asset expansions.

Downstream

In the downstream energy sector, there was an abundance of capacity, with underwriters offering larger line sizes for well-structured, risk-free projects. Oversubscription has become a standard occurrence, making it difficult to maintain market share. Soft market incentives, including longer-term contracts and no-claims bonuses, have reemerged; there is also consideration for relaxing retention levels and more open negotiations on margins on critical clauses.

Underwriters are increasingly focusing on contractor performance and oversight, along with active supply chain management, which have been the causes of recent significant loss incidents. Clients should expect increased underwriting inquiries regarding safety protocols, vendor qualifications and active risk management strategies during renewal. Nevertheless, competition remains fierce for larger projects.

Oilfield Services

The oilfield services insurance market was still robust yet increasingly difficult, especially in the areas of casualty and auto liability. Auto liability has risen approximately 10% to 15%, lead umbrella coverage has increased by 5% to 10%, and general liability (GL) has only softened slightly (remaining flat to +5%). Heavy fleets are under close examination by underwriters, particularly in high-frequency areas such as the Permian Basin, South Texas and Louisiana.

Although capacity has remained stable across both primary and excess casualty towers, there is a noticeable trend towards preferred risks. Carriers are becoming more selective, pulling back on accounts that feature large fleets with unfavorable loss histories and insufficient use of fleet management resources. In summary, while the overall energy market is showing signs of slight softening, the oilfield services sector continues to face challenges, with insurers enforcing stricter underwriting standards on complex and fleet-intensive accounts.



Power Generation H2 Summary

Property

The onshore renewables insurance market entered 2024 still dealing with the lingering effects of severe weather-related losses from the prior year. Although premium rates began to show signs of stabilizing, overall capacity remained tight — particularly for assets exposed to secondary catastrophic perils such as hail, convective storms and localized flooding. Insurers continued to apply strict underwriting discipline, placing greater emphasis on data quality, engineering controls and demonstrated loss-prevention measures. This environment contributed to a noticeable increase in the use of simplified quota share structures, which provided a more flexible and efficient way to place complex renewable energy risks. These structures helped smooth volatility and offered a practical solution in a market where traditional capacity was limited and pricing uncertainty persisted. During the second half of 2025, the market's trajectory became clearer. Loss activity across the onshore renewables sector remained elevated but manageable, with several regional storm events reinforcing insurers' cautious stance. While some modest easing of terms occurred for well-performing portfolios, the broader market maintained a disciplined posture, and capacity deployment continued to be selective. The combination of rising replacement costs, inflationary pressures and ongoing supply-chain challenges also influenced valuations and underwriting expectations, prompting many insureds to reassess limits and retention strategies. Across the wider power generation sector, similar themes emerged. Conventional assets – such as natural gas, hydro and thermal facilities – experienced increased scrutiny as insurers evaluated aging infrastructure, business interruption exposures and the financial impact of higher repair and rebuild costs. Although these assets generally benefited from more predictable loss histories, the sector still faced tightening terms in certain segments, particularly where operational complexity or accumulation risk was high. By the end of 2025, the market reflected a more mature and measured approach across both renewable and conventional power, shaped by a blend of disciplined underwriting, evolving risk profiles and continued pressure from climate-driven loss trends.

Casualty

The power generation market remains stable and continues to mirror the energy market for rate increases in H2 2025. The power generation market also is experiencing the same claim trends as the energy and general casualty market. General liability rate increases have remained in the single-digit realm. Auto liability rates are still at double-digit increases. The auto liability book of business is still losing money for virtually every insurance market offering the coverage. With no new capacity and claim trends exceeding inflationary rates, the market is not seeing any signs of softening.

Energy 2026 Outlook

Property

The property insurance market for oil and gas assets is entering 2026 with adequate but selective capacity. Insurers are balancing growth ambitions with risk discipline, focusing on accounts that demonstrate strong engineering standards and proactive maintenance programs. Pricing conditions are expected to remain flat to modestly softening for well-managed upstream, midstream and downstream assets, particularly those with favorable loss experience and robust risk controls. Industry data suggests that property rates for preferred energy risks could decline by 5% to 10% in competitive markets, while assets exposed to natural catastrophe zones or aging infrastructure may still face upward pressure on rates and tighter terms. Underwriters are placing increased emphasis on business interruption exposure accuracy, contingent BI considerations and deductible structures tied to average daily value. Growth-focused carriers may revisit previously declined risks, signaling a more flexible underwriting environment for energy companies that demonstrate operational resilience and sustainability alignment.

Casualty

The casualty insurance market in H2 2025 remained firm but stable. Underwriters continued to display underwriting discipline. Primary liability capacity has remained steady, and carriers continue to prioritize underwriting profitability over premium growth. Underwriters are willing and continue to walk away from business that doesn't meet pricing or risk standards. Rate increases for GL are expected to hold around 2% to 5%, but the renewal experience is shaped by quality of submission, timing of the submission and differentiation of risk profile submitted. Early marketing (90+ days out), in-person underwriter engagement and clearly demonstrated loss controls – especially in response to any large losses – are proving critical for favorable outcomes.

On the excess casualty side, capacity has stayed relatively stable throughout 2025, though underwriters remain cautious due to continued severity trends, especially in auto liability and complex product exposures. Pricing for excess layers is generally flat to +10%, depending on attachment and account profile, with practical tower limits around \$800M. Social inflation and litigation funding remain key headwinds, and while significant tort reform could influence pricing dynamics longer term, no structural change is expected in the near term. Underwriters remain laser-focused on loss development and risk differentiation.

Power Generation 2026 Outlook

Property

Underwriters will continue to emphasize risk differentiation, favoring projects with robust loss control measures, proven operational performance and alignment with sustainability objectives. While capacity constraints may persist in certain segments – particularly thermal and solar – the accelerating confidence in technologies such as battery energy storage is expected to drive more competitive pricing and broader coverage availability. Collaboration among insurers, reinsurers and insureds will remain essential to navigate volatility and support the long-term expansion of the renewables sector. The global property and casualty reinsurance market is projected to maintain stable pricing and disciplined conditions through early 2026. Although we are currently operating in a soft market environment, reinsurers continue to benefit from strong capital positions, improved investment income and disciplined underwriting. These factors help maintain stability and prevent significant rate volatility, even as certain occupancies may begin to approach the peak of soft-market conditions. Persistent challenges – such as elevated natural catastrophe losses, social inflation and rising claims costs – will keep reinsurers focused on granular underwriting strategies, portfolio diversification and tailored treaty structures. Competitive pressures from new entrants and expanding markets will accelerate innovation in pricing models and product design, as reinsurers seek to maintain relevance and profitability in a maturing environment. Regional and local market dynamics competitive trends observed in late 2025 are expected to persist into 2026. Ample capacity, easing reinsurance conditions and insurer growth ambitions will sustain price competition and broaden coverage options, particularly for preferred risks. Oversubscription for well-managed accounts will remain common, while underwriting discipline becomes increasingly flexible as carriers revisit previously declined risks.

Casualty

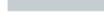
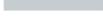
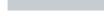
We have not heard, nor have we seen, any movement that underwriters will change their current underwriting approach. We expect underwriters to continue their disciplined approach and expect rates to increase by single digits. On individual casualty lines, accounts with large auto exposures will continue to see pricing pressures and should expect increases in the 10% to 15% range. The workers' compensation market remains competitive, and flat to single-digit reductions are possible. The general liability market will see increases in the 5% range. The excess liability market will be seeking increases on a basis similar to the GL market in the lead and mid-level excess. If there is a large auto fleet, the excess increase will mirror the primary auto pricing. Catastrophic excess liability layers will trend in the 5% to 10% range.

As we enter 2026, insurers are expected to move beyond caution toward a more strategic and growth-oriented approach.

Energy and Power Generation – Property

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-12.5% to Flat</p>	<p>During the second half of 2025, energy insurance pricing continued to moderate for well-engineered, loss-free accounts, particularly across upstream, midstream and renewables segments. Competitive market conditions and increased capacity drove double-digit rate reductions in many regions, while high-hazard risks maintained stable or upward pricing pressure.</p>	 <p>-10% to Flat</p>	<p>Insurance pricing in the energy sector is expected to remain competitive through 2026, with continued softening for well-engineered, loss-free accounts and mature technologies across upstream, midstream and renewables. Tier three property risks and assets with high natural catastrophe exposure will face stable to upward pricing pressure. Underwriting discipline will persist, with carriers emphasizing data-driven risk assessments, ESG alignment and resilience measures as key differentiators in securing favorable outcomes.</p>
 <p>Limits</p>		<p>Policy limits remained broadly available for preferred risks, with some carriers offering incremental increases to secure market share. However, high-risk accounts and assets in catastrophe-prone areas faced tighter sublimits and more restrictive terms as insurers prioritized capital protection.</p>		<p>In 2026, insurers are expected to apply heightened scrutiny to policy limits, particularly for high-risk energy accounts. Detailed risk assessments and additional documentation will become standard requirements to ensure exposures are accurately modeled and priced. While loss-free, well-engineered accounts will continue to benefit from competitive conditions and stable or slightly improved limits, high-hazard assets – especially those in catastrophe-prone regions – may face tighter sublimits and more restrictive terms as carriers seek to balance capacity with risk resilience.</p>
 <p>Retentions</p>		<p>Deductible structures trended upward in high-exposure regions as insurers sought to manage volatility and rising loss costs. This shift reflects a continued emphasis on risk-sharing, with policyholders assuming greater out-of-pocket responsibility for catastrophic events.</p>		<p>In 2026, insurers are expected to push for increased retentions as a response to rising loss costs and climate-driven volatility for those clients with frequency issues. Deductible structures will become more stringent, particularly for assets in high-exposure regions, as carriers seek to manage risk and maintain profitability.</p>
 <p>Coverage</p>		<p>Coverage terms remained competitive for well-managed operations, with broader options available for clients demonstrating strong engineering and ESG alignment. Conversely, emerging technologies and complex risks saw more restrictive endorsements and exclusions as carriers maintained underwriting discipline.</p>		<p>Expanded insurer capacity, favorable loss ratios and increased competition are driving improved terms. Broader coverage remains for those who are deemed best in class among their peers.</p>
 <p>Carrier</p>		<p>The market experienced notable personnel movement and strategic realignments, contributing to a dynamic competitive environment. New entrants and expanded capacity from existing players fueled pricing pressure and innovation in product design.</p>		<p>In 2026, insurance carriers are expected to navigate a highly dynamic market shaped by continued personnel movement and strategic repositioning. Over the next 12 months, leadership changes, team realignments and the entry of new underwriting talent will contribute to an evolving competitive landscape. These shifts, combined with the arrival of new market players, are injecting fresh capacity and intensifying competitive pressure, which is likely to influence pricing strategies, underwriting appetite and product innovation.</p>
 <p>Claims</p>		<p>Large losses in early 2025 slowed the pace of rate reductions in the energy property market, introducing caution among insurers. However, these events were not significant enough to reverse favorable conditions, which continue for well-managed risks despite tighter underwriting for high-hazard exposures.</p>		<p>The energy insurance market remains highly sensitive to catastrophic events. While refining and high-hazard sectors remain exposed to potential shock losses, other segments with strong engineering standards and favorable loss histories have yet to experience similar disruptions, allowing competitive conditions to endure for well-managed, lower-risk operations.</p>

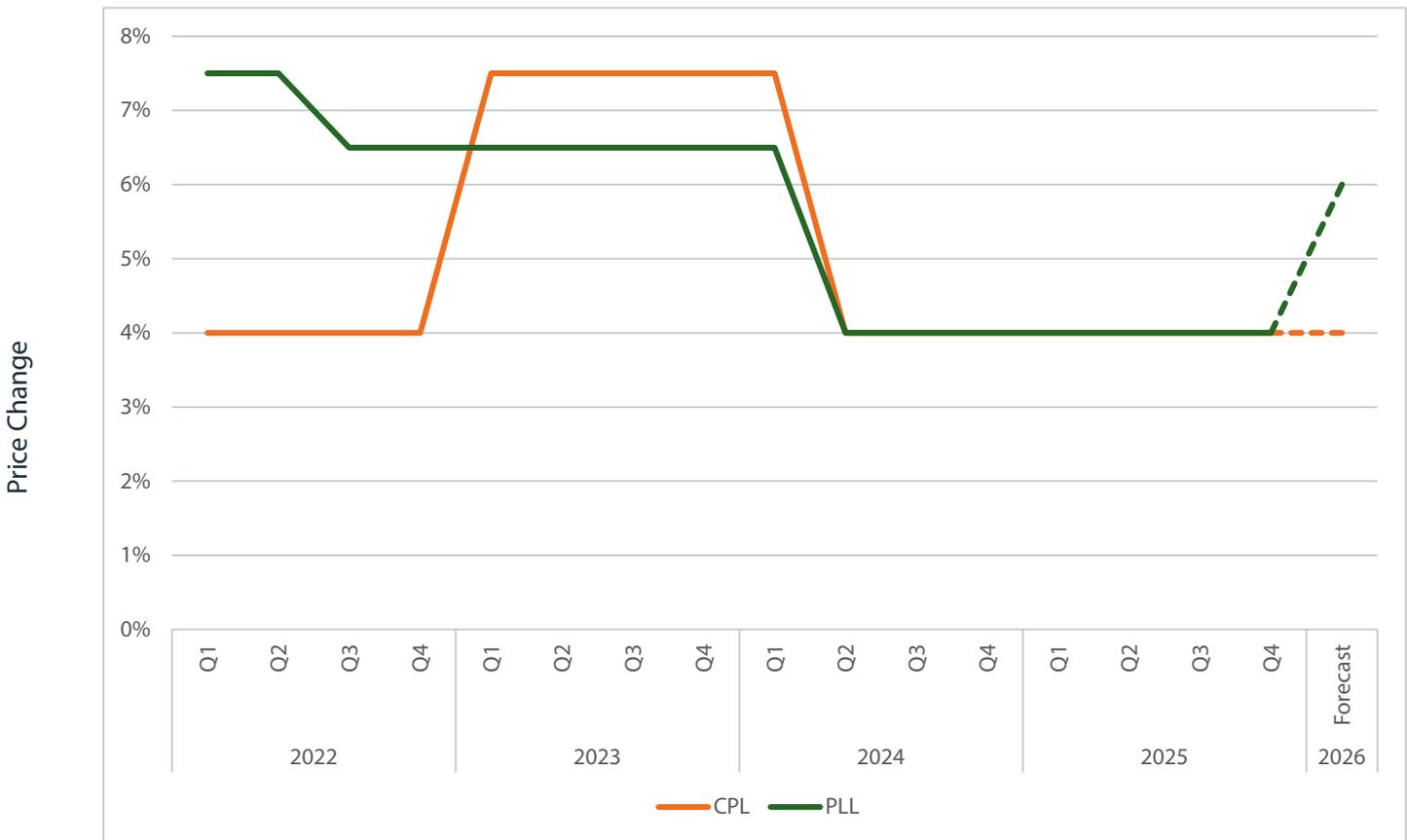
Energy and Power Generation – Casualty

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>2% to 5%</p>	<p>Single-digit rate increases were the norm for GL exposures. Workers' compensation rates are trending flat to slight reductions. Underwriters continued to cite inflationary pressure on claims and underwriting expenses. There is no rate relief in sight for auto liability. Capacity remained restricted. Underwriters are pushing for telematics on any fleet size. Rate increases of double digits for clean accounts and higher for loss-prone accounts continue. Umbrella and excess underwriters continue to restrict their capacity to offset their exposure to large losses.</p>	 <p>2% to 5%</p>	<p>The primary casualty market will continue in the same mode for the foreseeable future. Lead umbrella capacity remains limited. Lack of markets continue to create pressure for increased prices. Limits up to \$100M will follow the primary casualty pricing approach. Auto liability is still difficult, with increases at 10% or more.</p>
 <p>Limits</p>		<p>No material change in market capacity. Some new entrants took advantage of the gaps created by existing underwriters reducing their lead capacity.</p>		<p>Capacity is expected to be stable for the next 12 months. Markets will continue to restrict their capacity in the first two or three layers of excess coverage since they enjoy pricing increases by doing so. The gaps are being filled by new entrants taking advantage of the firm market.</p>
 <p>Retentions</p>		<p>Upward pressure to increase retentions continued. Excess underwriters were focused on getting higher attachment points.</p>		<p>Inflation and large jury verdicts continue to be the main factors for increasing retentions on the primary policies and attachment point on the excess policies.</p>
 <p>Coverage</p>		<p>The focus on eliminating exposure to long-tailed exposures continued. The requirement of telematics for auto fleets is becoming the norm.</p>		<p>Markets will continue the focus on excluding any exposure viewed as being potentially catastrophic or repetitive.</p>
 <p>Carrier</p>		<p>Market was stable with the exception for oilfield contractors.</p>		<p>The market is stable and should continue as such.</p>
 <p>Claims</p>		<p>Claims and claim expenses continued to be impacted by inflation and large jury verdicts.</p>		<p>The insurers will continue to push for rate and premium increases to remain profitable.</p>



Environmental

Contractors Pollution Liability, Site Pollution Liability



Environmental

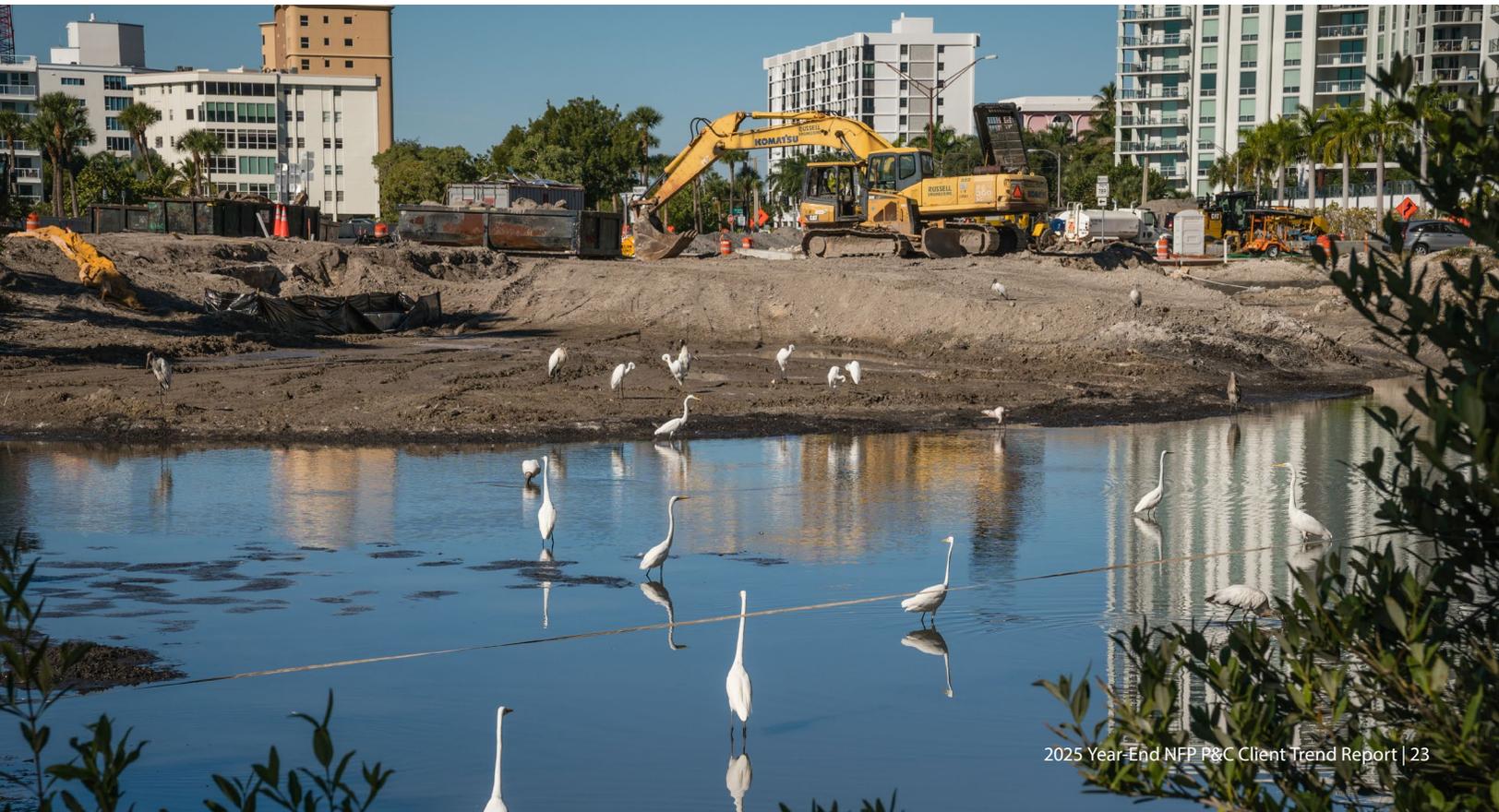
H2 Summary

During the second half of 2025, we saw more of our transactional clients and prospects looking to make acquisitions of contaminated land than we have in prior periods.

PFAS remained a concern for transactional buyers, but more embraced environmental insurance as a solution. Most carriers continued to underwrite around PFAS and present creative solutions. **During the second half we also saw an uptick in request for environmental insurance among our operational clients as PFAS exclusions on general liability programs become commonplace.** This caused many to question their environmental exposure and opt for insurance programs that they never would have in the past.

Carriers continued restrictive coverage for emerging contaminants. However, most carriers still handled this on a case-by-case basis. Otherwise, the available coverage in the marketplace remained fairly broad. Many of our redevelopment carriers embraced the “bathtub” approach to providing coverage outside of the development footprint to chase contaminants outside scope.

Premium increases held steady at anywhere from 3% to 5%, depending on the type of environmental insurance coverage. Many carriers provided flat renewal pricing in the face of competition.



Environmental

2026 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.

More clients are receptive to exploring combined general liability and pollution package to expand their coverage to include products, site and contractor's pollution. The market is still challenging when considering auto coverage for heavy auto fleets. The excess markets are increasingly competitive on pricing in this space. This is largely due to the awareness we have seen around emerging contaminants and the greater emphasis being placed on environmental issues by commercial lenders. Several large PFAS-related cases that are being heard this summer may also have an impact on market conditions during the second half of the year.

We are not projecting any major increases in the contractors pollution liability (CPL) market as there is vast and increasing capacity with the addition of Old Republic, HDI and QBE to the market in late 2025. As their capacity comes online in 2026, we expect to see continued flat/soft rate for the easily commoditized product. However, specific risks may be subject to increases depending on underwriting requirements at various carriers.

Similar with pollution legal liability (PLL), we are seeing flat to modest increases on our operational placements, under 5%, term over term. Heavier industries, or complicated placements, those with claims or those with transactional exposures, may see slightly steeper increases, but typically not more than 5% to 8% unless the risk factors are very significant.

Contractors Pollution Liability (CPL)

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 Pricing	 3% to 5%	Abundant capacity continued to pressure rates downward. Practice policies are experiencing slight increases, ranging from 3% to 5% on average.	 3% to 5%	We expect the rate on CPL to increase anywhere between 3% to 5% over the next 12 months.
 Limits		Limits remained abundant, with most carriers offering up to \$25M in the aggregate.		We expect limit and capacity to remain strong, as this product is desirable for carriers.
 Retentions		A wide range of retention levels were available. Lower retentions were available through online portals for practice policies.		Retentions remain stable for practice policies. We are beginning to see a slight uptick in retention levels for project-specific policies.
 Coverage		Coverage remained broad for CPL. Exclusive coverages remained available to NFP, including delay expense, which results from work stoppage caused by known or unknown pollution events.		We anticipate coverage to remain consistent for the remainder of the year.
 Carrier		Old Republic, HDI and QBE entered the market in late 2025.		We anticipate a few new carriers to the CPL market.
 Claims		Recent events such as the Legionella outbreak in New York City could pull contractors into claims that weren't typically experienced before.		We expect that claim frequency will increase over the next 12 months with project restarts and more contractor activity.

Site Pollution Liability (PLL)

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 Pricing	 3% to 5%	Renewal policies continued to see modest increases in pricing. Transactional placements experienced an uptick in pricing when meaningful coverage was provided.	 5% to 7%	Markets will continue to approach business selectively and will actively pursue low-risk/low-premium placements, which will have a downward pressure on renewals. Market interest for long-term transaction placement is decreasing, causing upward pricing pressure.
 Limits		Ample limits were available for most risks with abundant carrier appetite. Heavily contaminated sites poised for redevelopment continued to have ample but smaller market interest. Quota share arrangements and layered approaches provided most limits for complex or less desirable placements.		Availability of limits is expected to increase for shorter-term placements — five years or less, for example.
 Retentions		Retentions remained generally static. Less challenging risks had smaller retentions of \$25,000. More complex remediation and redevelopment risks were north of \$100,000 per pollution event.		Less environmentally exposed risks are seeing lower retentions for new conditions policies. Other, more complex risks, such as redevelopments, are being challenged by carriers to accept higher retentions. Mold is experiencing \$50,000 or \$100,000 retentions for habitational and hospitality exposures.
 Coverage		Restrictions associated with PFAS will remain an issue for the foreseeable future. Underwriters are still applying them as needed and are becoming more widespread among carriers. Clients should also pay close attention to 1,4-Dioxane and microplastics as we anticipate potential coverage issues.		Handling remediation coverage knowns versus unknowns and crafting coverage accordingly is becoming increasingly difficult. We continue to see increasing focus on excluding all expenses within the boundaries of remedial action work plans. Broader coverage remains for purchasers of brownfields. Greater restrictions around mold and other indoor air quality-related claims are likely.
 Carrier		We anticipate three new carriers: Old Republic, HDI and QBE in 2026		We anticipate one to two new market entrants.
 Claims		We expect Legionella claims to rise over the coming months as a result of several major outbreaks in August and September. Claims associated with PFAS continue to occur.		Claims activity is expected to continue to rise over the coming months with more public awareness of PFAS and other issues such as Legionella.



Financial Institutions

Commercial Banks, Investment Management, Insurance Companies, Loan Portfolio



Financial Institutions

H2 Summary

Market conditions remained relatively stable in the second half of 2025 compared to the prior period, with many of the same trends cited in the first half of 2025 carrying through the end of the year. We observed some movement in the large investment management segment (greater than \$50B AUM) and among insurance companies due to increased claims activity. Pricing and retention levels were steady across most of the financial institutions (FI) portfolio, aside from these two segments, and rate pressure persisted for accounts without claims or with active M&A activity. On the carrier side, another substantial market participant exited the financial lines space in the second half, adding to the trend of several other carriers doing the same in the past 12+ months. Capacity generally remained accessible, except for the still-limited market for primary or low-attaching insurance company professional liability (ICPL) layers.

The bank and credit union sectors were stable, with continued emphasis on profitability and ongoing elevated claims activity driven by BPL and FI bond exposures. The smaller and middle-market investment management segment (less than \$50B AUM) remained the most competitive area throughout 2025. ICPL continued to be challenging, with carriers taking firmer positions on rates, primary retentions and deployed capacity. In the excess market, competitiveness stayed healthy, though non-legacy carriers showed slightly less aggression at times.

Areas of underwriting focus from carriers remained aligned with the prior period. For banks, focus areas included interest rates, profitability, credit concentration, deposit or funding sources and, at times, M&A. Investment management underwriters maintained attention on strategy and performance, with some showing continued expansion of appetite into historically less-desirable strategies such as digital currency and other higher-risk areas. Carriers also continued monitoring insurance company clients for potential bad faith exposures and performance-related metrics, particularly around social inflation, tort reform, litigation financing and nuclear verdicts. Finally, the regulatory environment has shown signs of slowing under the current administration but will remain an area of focus.

NFP continued prioritizing coverage enhancements across our portfolio, and carriers remained open to improvements for clients with strong risk profiles. However, the significant broadening of coverage in recent renewal cycles has led to fewer material changes in 2025. Emphasis remains on strong controls for cyber and FI bond exposures, given the rapidly evolving environment, shaped in part by advancements in AI and increasingly sophisticated methods of deception.

Claims trends for the second half of the year also remained aligned with the first half, 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 large asset management space saw continued experience with increased claims and litigation activity, largely tied to cost-of-correction issues and operational errors rather than any single emerging theme. Overall, defense costs and total claim values continued their upward trend.

Banks and Credit Unions

The second half of 2025 saw no material change in financial lines insurance market conditions for banks and credit unions compared to the first half of the year. Market dynamics remained stable, and we did not anticipate meaningful changes through year-end absent a significant shift in economic or regulatory conditions.

Banks continued to focus on profitability in a prolonged elevated interest rate environment. While modest improvement in financial performance emerged earlier in the year, underwriting scrutiny remained consistent. Underwriters continued to monitor developments under the current administration in Washington – including interest rate policy, lending initiatives and evolving digital currency frameworks – while maintaining ongoing focus on established risk factors such as credit concentration (particularly commercial real estate), loan performance, capital adequacy and funding sources.

Pricing and Capacity

Pricing across financial lines remained stable and largely unchanged from H1, with selective decreases available for institutions demonstrating strong risk profiles and favorable loss experience. Pricing continued to be primarily driven by D&O, bankers professional liability (BPL) and employment practices liability (EPL) exposures.

Cyber liability and cybercrime (FI bond) remained key underwriting considerations. While the cyber market continued to exhibit soft conditions, the pace of softening moderated, consistent with trends observed earlier in the year.

Market capacity remained competitive, particularly on excess layers, with no meaningful shifts since H1. Although the inflow of new capacity slowed and a small number of carriers exited participation on larger bank programs earlier in the year, overall capacity remained sufficient to support competitive program structures.

Coverage and Retentions

Coverage terms and conditions remained largely consistent with the first half of 2025. Competitive pressure – particularly on primary placements – continued to support coverage enhancements for banks and credit unions with strong financial performance and disciplined risk management.

Retentions remained flat throughout the second half of the year. While competition placed some pressure on retentions, elevated claims activity across the sector prevented material downward movement. Higher retention options continued to be available for institutions seeking potential premium efficiencies, subject to individual risk profiles.

Claims Environment

Claims activity remained elevated and consistent with H1 trends. The majority of activity continued to stem from BPL/E&O and FI bond exposures. FI bond claims related to computer systems fraud – including social engineering and diverted wire transfers – remained prevalent, alongside continued activity involving check forgery and unauthorized signatures.

EPL claims activity remained modest but persistent, and D&O claims continued to occur at expected levels. We continued to monitor the potential impact of increased merger and acquisition activity on claims frequency, though no material change was observed in the second half of the year.

Investment Management

Generally, the investment management market remained firm in H2 2025. While many accounts continued to see year-over-year premium decreases, flat renewals became more common, and stand-alone EPL and fiduciary lines experienced upward pressure. Larger asset managers (over \$50B AUM) faced a more challenging pricing environment due to larger claims emerging in the market. Looking ahead, pricing is expected to continue firming as carriers push for increases off historically low premium levels. Smaller managers remain profitable for insurers, while larger managers may see greater volatility driven by claim activity and capital cost considerations.

Carriers remained eager to deploy limits, particularly for base E&O/D&O coverages. They still preferred packaging EPL and fiduciary within broader management liability programs rather than writing them stand-alone. Over the next year, insurers are not expected to reduce limits, given strong profitability and ample capacity in this sector. As market conditions have firmed, carriers have shown willingness to lower retentions for smaller advisors, in some cases to historically low levels. Larger managers, by contrast, have seen carriers remain firm or push for retention increases. Going forward, retentions for smaller advisors appear to be near minimum sustainable levels, while upward pressure may persist for larger firms.

Coverage remained broad and widely available, with carriers offering enhancements more routinely than in prior years. Over the next 12 months, coverage restrictions are not anticipated unless specific claim trends emerge. Carriers are likely to continue competing through breadth of coverage as long as profitability remains strong.

While some carriers exited the broader financial lines space (e.g., Everest, Argo, Intact, Markel), these exits were not driven by investment management losses. Capacity remained robust, and insurers continued to show strong appetite for this sector. Additional strategic adjustments may occur moving forward, but overall capacity is expected to remain plentiful.

Claims activity continued to be driven by cyber (especially ransomware) and EPL (particularly discrimination). Regulatory activity slowed under the new administration, reducing enforcement frequency. Over the next year, regulatory oversight is not expected to change materially, but the investment management sector will remain a frequent target for plaintiffs' attorneys.

Insurance Companies

The insurance company financial lines market in H2 2025 was broadly characterized by steady capacity, stable retentions and comprehensive coverage, with pricing pressure focused primarily on ICPL. The carrier landscape evolved, and claims activity – especially in ICPL – remained a key concern. The outlook for 2026 is for these trends to continue, with close monitoring of carrier appetite and claims trends.

The market saw consistent pricing pressure, especially in ICPL. While other financial lines remained stable, carriers focused on maintaining premium levels across client relationships, often supplementing ICPL with premiums from other lines. The excess pricing environment was competitive. Overall market capacity for insurance companies remained steady, with no significant concerns. The primary and low-attachment ICPL market was the most limited, but there were no major changes in the second half of 2025. The exit of Everest from the market was noted but is not expected to materially affect capacity. Limits for supporting lines such as EPL and fiduciary liability were seen as complementary to the main exposures. Ample capacity is expected to persist into 2026. Self-insured retention levels should similarly remain stable, with carriers having taken action on key areas during the 2025 renewal cycle. There still could be pressure on ICPL retention increases (at least in certain pockets).

Coverage remained stable and is expected to continue that trend into 2026. Some areas of improvement were seen on the FI bond, specific to higher limits available for social engineering coverage. The sector saw another market exit with Everest selling renewal rights to AIG, continuing a trend of carrier appetite shifts. The primary ICPL carrier mix remained largely unchanged, however, with legacy carriers remaining committed to the space, albeit with heightened/evolving underwriting focuses. Excess carrier appetite was strong, and London remained an important market for insurance company risk specifically. The landscape will be monitored for further changes in 2026.

Claims volume and severity increased, primarily driven by ICPL/bad faith allegations. Bad faith claims against auto insurers are notable for their frequency and severity. EPL claims also rose, while D&O, fiduciary and FI bond cases remained low. The market was influenced by social inflation, tort reform, litigation financing and nuclear verdicts. These trends are expected to continue into 2026. Of note is the strong D&O performance in this sector, especially the lack of claims activity derived from the IPO activity we saw in the insurance company space through 2025.

Loan Portfolio

Real estate loan portfolios continued to face significant pricing challenges, particularly those heavily weighted toward commercial assets. These pressures stem from limited reinsurance capacity and escalating replacement cost valuations, compounded by the impact of ongoing catastrophic losses. Despite these adverse conditions, mortgage impairment rates remained relatively stable.

Meanwhile, auto loan portfolios saw a rise in delinquency rates as borrowers struggled to meet payment obligations. Pricing for auto lender's single-interest coverage remained volatile, shaped largely by the structure of the lender's current program and the performance of their recovery vendor, especially in managing skip losses.

Across the industry, the shift away from zero-deductible policies accelerated. Many carriers have phased this option out, prompting larger lenders to adopt higher deductibles to better absorb risk and control premium expenses. Additionally, there's a growing trend toward applying separate deductibles by coverage type, allowing insurers to more effectively manage exposure across consumer loan portfolios. In real estate lending, the focus was increasingly on protection against catastrophic events rather than minor repairs, driving deductibles even higher, particularly among larger commercial real estate lenders who are expected to take on greater retentions in response to rising insurance costs.

Insurers remained actively engaged in mortgage hazard and impairment coverage, especially when evaluating investor-backed portfolios. On the auto side, however, rising defaults and delinquencies prompted a more cautious stance. While demand for mortgage-related insurance remained steady, underwriting standards for auto portfolios tightened in response to deteriorating loss performance.

Loss trends in the auto sector were a growing concern. Both claim frequency and severity are on the rise, placing continued pressure on pricing and underwriting criteria. **Some carriers are beginning to reduce their appetite for auto loan coverage** due to persistent delinquency issues.

Auto physical damage claims climbed, driven by borrower defaults and voluntary vehicle surrenders. Skip losses remained a persistent challenge, particularly for lenders not partnered with specialized recovery vendors. At the same time, rising vehicle payments and unaffordable insurance premiums strained borrowers further, resulting in increased claim activity. In the real estate space, heightened delinquency and foreclosure rates contributed to elevated claim volumes around commercial portfolios.

Financial Institutions

2026 Outlook

The financial institutions marketplace is expected to remain stable heading into and through 2026. Many of the same trends from 2025 are expected to persist — a generally stabilized market with pockets of continued rate and retention pressure (e.g., ICPL and large investment management). Market participation remains strong, though we've seen several market exits throughout 2025: most recently Everest's sale of financial lines renewal rights to AIG and Intact's sale of community bank renewal rights to ABA Insurance Services/Great American. It's possible we'll see additional similar market activity over the next year, but we do expect both carrier participation and capacity to remain plentiful. The overall coverage environment should also remain favorable. The regulatory landscape will also be a continued focus, as the current administration implements a more relaxed stance on many of the prior administration's regulatory focus points that should lead to fewer enforcement actions. These expectations continue to assume no significant shifts in litigation or claims activity and may change if capital markets/M&A activity volume increases meaningfully. We also continue to monitor the global environment — to include trade negotiations, tariff policies and geopolitical uncertainty — as each of these influence broader economic conditions and, in turn, impact our financial institutions clients.

Similar to 2025 performance, the bank insurance market is anticipated to remain stable to competitive in 2026. Bank financial performance showed improvement throughout 2025 as some of the profitability and other challenges improved with three consecutive interest rate cuts by the Federal Reserve. This could continue to boost loan demand and enhance earnings. Bank M&A activity increased during 2025 in both the large (e.g., PNC/FirstBank and Fifth Third/Comerica) and smaller bank spaces, and we expect to see continued activity there heading into 2026. Areas of underwriting focus will remain consistent to include credit concentration, particularly in commercial real estate, capital ratios and bank funding sources (such as brokered deposits). Capacity in the space, specifically for excess participation, is expected to remain strong in 2026.

The investment management space should also remain consistent in 2026. There remains some open litigation in the large investment manager space — though some came to resolution in 2025 — that will continue to drive a more challenging market for this segment. Market conditions should remain stable in this segment for accounts with no claims or M&A activity. Strong competition should persist through 2026 for the small to midsize investment management segment, as many carriers have expressed their desire to grow in this space — and provide extremely competitive coverage, pricing and retentions to do so.

For insurance companies, the challenges surrounding ICPL specifically are expected to continue. That primary market will remain limited, but the key participants are remaining committed to that space with discipline around underwriting and terms — and with a desire to supplement ICPL with other lines of coverage to broaden the overall relationship and premium base. Overall, this will be the most challenging pocket of business across our financial institutions portfolio in 2026 but should remain a healthy market.

Market conditions for loan portfolio coverage will remain consistent with earlier expectations. Moderate rate increases are expected to persist in the real estate sector as the market adjusts to shifts in primary markets and the impact of catastrophic events and economic conditions. Auto insurance rates are projected to continue climbing due to growing losses and rising delinquency rates. Carriers are responding by pursuing higher rates and deductibles to mitigate anticipated losses.

Claims trends in 2026 are expected to track those from 2025. The key areas of claims for FIs will continue to surround their E&O/professional liability, FI bond and cyber exposures. The regulatory environment should lead to muted claims activity on that front, noting that the environment could also continue to open up the M&A environment and, as a result, we could see some related claims activity. We have seen an increase in EPL activity across FI and expect that trend could also continue through 2026.

Commercial Banks

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-10% to 10%</p>	<p>Financial lines pricing remained stable, with modest decreases for banks exhibiting strong risk profiles. Historically, D&O, BPL and EPL have been the primary drivers of overall pricing, and all three lines remained stable. Cyber liability and cybercrime (FI bond) continued to be areas of focus, with the cyber liability market experiencing a period of softening following the hard market conditions seen prior to 2023.</p>	 <p>-5% to 5%</p>	<p>The bank insurance market is expected to remain stable in the first half of 2026. Profitability has been a significant challenge for banks as elevated interest rates have increased funding costs and squeezed net interest margins. Underwriting will continue to focus heavily on credit concentration (in particular), capital ratios and bank funding sources (e.g., attention to brokered deposits). Excess capacity remains plentiful, which should continue to put pressure on excess pricing.</p>
 <p>Limits</p>		<p>When supported by sufficient underwriting information, select carriers demonstrated a greater willingness to deploy larger limits on bank programs in certain situations. That said, some critical sublimits – such as social engineering fraud under the FI bond – remain constrained due to ongoing claims frequency.</p>		<p>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.</p>
 <p>Retentions</p>		<p>Retentions remained stable, with no meaningful downward movement to date. Increased market competition continued to test this trend but did not materially impact retentions in the second half of 2025.</p>		<p>While select transactions may justify lower retentions, we do not expect consistent or broad-based reductions until claims frequency improves. Certain banks may be willing to entertain higher retention options if premium deltas warrant a change. Most carriers will make that trade if requested but are not expected to view the market as broadly warranting retention decreases in the coming year. Overall, retentions are expected to stay at current levels.</p>
 <p>Coverage</p>		<p>The standard market continued to show signs of expansion, supported by increased primary appetite. Heightened carrier interest in commercial bank risk drove a more competitive environment, leading to broader coverage terms and conditions. Throughout 2025, this competition translated into incremental improvements in policy terms through carrier negotiations.</p>		<p>Although there is still uncertainty surrounding the underwriting factors mentioned previously (marijuana-related business, digital currency) and the potential for increased litigation, we expect enhancements of coverage terms and conditions will continue for strong risks. This will primarily be driven by the competitive bid process and an increased appetite by primary insurers. A potential reduction in bank regulation (based on the new administration, including updated views on digital currency) could cause a modification in underwriting guidelines.</p>
 <p>Carrier</p>		<p>The most recent development in the community bank space is the acquisition of Intact's renewal book to ABA Insurance Services/Great American. Intact (formerly OneBeacon) has been heavily focused on privately held banks under \$2B in assets and was a direct competitor of ABA Insurance Services/Great American in that space. Since the acquisition was just announced, it remains to be seen what impact this will have on the overall bank insurance market.</p>		<p>Volatility in the market has led to a reshuffling of the carrier mix on many bank programs over the last several years. While not expected in the near term, we do think newer carriers will stand ready to be opportunistic in entering the bank space or dropping down on programs should capacity be needed.</p>
 <p>Claims</p>		<p>BPL, EPL and D&O claims remained the loss leaders in the commercial bank space. FI bond claims related to computer systems fraud (e.g., social engineering, diverted wire transfers), check forgery and unauthorized signature have been on the rise over the last three years. Social engineering claims also continued to impact banks, their vendors and their customers.</p>		<p>Overall, claims activity remains elevated. M&A should remain muted but has ticked up and been more of a talking point under the current regulatory regime, and this could drive some claims volume. From a fraud perspective, social engineering and business email compromise claim volume continue to trend upward. We have seen an uptick in de novo institutions in the organization stage.</p>

Investment Management

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-10% to 0%</p>	<p>We saw continued firming of the market in the second half of 2025. We are still achieving year-over-year decreases on many renewals, but flat renewals are also becoming much more common. Stand-alone EPL and fiduciary lines continued to see more expensive premiums. For larger asset managers (e.g., north of \$50B AUM), the rate environment continued to be more challenging due to some larger claims passing through the market.</p>	 <p>-5% to 5%</p>	<p>The rate environment is expected to continue to firm as the market bounces off of minimum premium levels in many cases. Although the investment manager space remains relatively profitable for carriers as we have not experienced a systemic wave of claims broadly across the industry in some time, rates had gotten very competitive, and carriers still have a cost of capital that implies that they will need to continue to push for higher premiums. The market for larger managers will see more volatility than their smaller peers.</p>
 <p>Limits</p>		<p>Carriers remained eager to deploy limits in the investment advisor space, particularly for the base E&O/D&O coverages. Markets still prefer to blend EPL and fiduciary coverage in with the other management liability lines and showed continued reluctance to deploy limits for these lines on a stand-alone basis.</p>		<p>As profitability remains good in this area of the market, we would not expect insurers to look to reduce limits on these deals in the coming months. Carriers still have ample capacity and would be expected to deploy this capacity in areas in which they have been achieving solid returns.</p>
 <p>Retentions</p>		<p>As the rate environment has firmed somewhat over the past six months, we have continued to see carriers willing to compete via lowered retentions in many cases on smaller investment advisor risks. On some deals, retentions have gotten to historically low levels for similar risk profiles. Carriers repeatedly showed willingness to accept higher magnitudes of risk transfer from our smaller advisor clients. Similar to the pricing commentary, larger asset managers saw carriers stay firm on or push for retention increases.</p>		<p>On certain deals in the smaller asset manager space, retentions are getting so low relative to limits and retention that we wonder if carriers may consider zero retention options for clients that are deemed to have the safest risk profiles. More broadly speaking, we do expect that retentions are approaching minimum levels and cannot fall much further for smaller advisors. Again, the larger advisor space may see a continued push for retention stability or increases.</p>
 <p>Coverage</p>		<p>Broad coverage remained available for a widening swath of clients. Whereas markets previously may have reserved certain coverages for only the most pristine risks, these coverages were almost routine on most quotes in the second half of the year for most carriers.</p>		<p>Although we do expect pricing to firm in the coming year, we do not expect carriers to look to restrict coverage unless they do have an influx of claims related to any specific coverage grants. Top carriers have been willing to provide broadened coverage as a way to compete, and as long as profitability remains high, there is no reason for them to change this approach.</p>
 <p>Carrier</p>		<p>We continued to see established carriers pull out of the market, with Everest's sale of its financial lines renewal rights to AIG in the 4th quarter, further reducing market capacity. Neither Everest nor the previous carriers who pulled out of this space (Argo, Intact, Markel) did so due to issues related to their investment management books, however. All of that said, there remained a significant number of carriers active and aggressive in the investment management space.</p>		<p>Although a handful of insurers have pulled out of the broader management liability space over the past 12 to 18 months, capacity is expected to remain robust. We may see additional markets look to make strategic moves on pockets of their portfolios, but we are a long way away from overall market capacity being reduced to the point that we would not expect to have ample interest in our clients' risks.</p>
 <p>Claims</p>		<p>Cyber (driven by ransomware) and EPL (driven by discrimination) continued to drive claims activity. The loosened oversight environment meant that we saw a slowing of regulatory actions brought against our investment manager clients.</p>		<p>It is not expected that the regulatory environment will change much during the Trump administration. However, the investment manager space is always a target for plaintiffs' attorneys and that is unlikely to change for the foreseeable future.</p>

Insurance Companies

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-5% to 10%</p>	<p>Pricing pressure was consistent in the second half of 2025, with carriers remaining focused on achieving rate needs on ICPL specifically. Other financial lines coverages were relatively stable in terms of pricing, with carriers looking to support overall premium across an insurance company client relationship by supplementing ICPL with premium from other lines of coverage. The excess pricing environment remained competitive.</p>	 <p>-5% to 5%</p>	<p>We anticipate more of the same in pricing trends heading into 2026. However, with some carriers having acted where needed in 2025, there is optimism that the rate of desired increase in the ICPL space could slow, as there is pressure not to provide compounding rate increases. Other financial lines coverages should see continued pressure as this sector continues to perform well from a claims perspective on the non-ICPL lines.</p>
 <p>Limits</p>		<p>Overall capacity in the financial institutions and insurance company sector, specifically, remained steady with no capacity concerns. The market for primary and low-attachment ICPL was the most limited across coverage line for insurance companies but did not see significant change in the second half. There was a recent exit in the market (Everest), who was not a major primary player in this space and will not materially affect the market capacity environment.</p>		<p>Absent any additional carrier exits/appetite shifts or major new entrants, we expect the capacity environment to hold steady into 2026. Limits for supporting lines of coverage such as EPL and fiduciary liability will continue to be viewed as complementary to the main D&O and ICPL exposures. Overall, ample capacity should remain available for insurance company risks.</p>
 <p>Retentions</p>		<p>Trends on primary self-insured retentions were stable. Most carriers took what they view as appropriate retention action over the past renewal cycle but remain focused on presenting higher retention options for ICPL in particular. Still, this factor is as important to the carriers (if not more so) as premium and rate. Specific coverage areas under ICPL contracts (e.g., increased bad faith retentions for auto insurers; life insurers seeing higher retentions specific to sales and marketing) did see pockets of increased retentions.</p>		<p>Retention levels are expected to remain stable into 2026. Pressure asserted by competitive offerings on the D&O and other non-ICPL lines could be muted by the market supporting primary carrier consistency across all financial lines of coverage.</p>
 <p>Coverage</p>		<p>The coverage landscape for insurance company clients remained steady in the second half, with no significant new coverages introduced for this segment. Following the focus on coverage enhancements during the recent soft market cycle, insurance company clients can be assured that their coverage remains comprehensive and robust.</p>		<p>While coverage will continue to be an area of focus for our insurance company clients, we don't expect any material enhancements availing themselves in the coming 12 months. Carriers have been more willing to increase social engineering/funds transfer limits on FI bonds in many cases – even for unverified requests – and we expect that to be one area of continued expansion as carriers look to stay competitive in that line.</p>
 <p>Carrier</p>		<p>The carrier landscape saw another market exit this quarter, with Everest selling their renewal rights to AIG effective the start of 2026. While Everest was not necessarily a major primary player in the insurance company space, it added to the recent trend of some carrier appetite shift. That said, the already limited primary ICPL carrier mix remained largely unchanged. Many of the legacy carriers in this space remained committed to it, with continued emphasis on/heightened attention to underwriting factors and information requests. Excess carrier appetite remained strong, and London continued to be an important market in this space.</p>		<p>We will be monitoring overall carrier appetite throughout 2026. With several carrier exits over the last 12+ months, it will be interesting to see 1) if any other carriers decide to make similar moves and 2) whether any new entrants will view this as an opportunity. There has been some underwriter shift at the carrier level. Regardless, the primary ICPL carrier landscape will continue to be limited. We foresee that some carriers may adopt a more cautious approach regarding total capacity or pricing but, overall, carrier interest in this sector should stay robust.</p>
 <p>Claims</p>		<p>This sector saw a continued increase in claims volume and severity. The bulk of this surrounded ICPL/bad faith allegations in difficult jurisdictions. While there was not one particular trend around this, we saw that bad faith against auto insurers drove severity and frequency in ICPL. EPL claims also ticked up across some carrier portfolios. Otherwise, D&O, fiduciary and FI bond cases remained relatively low in volume in the insurance company sector and tracked generally with our FI portfolio overall.</p>		<p>The market is currently driven by significant ICPL claims (bad faith and others), which will continue to influence claims activity over the next year. We will continue to monitor single plaintiff claims as well as life-related claims that are becoming more frequent. The sophistication of plaintiff's bar continues to be demonstrated through the nature of complaints, jurisdictions sought and more. The effects of social inflation, tort reform, litigation financing and nuclear verdicts will continue. Claims trends otherwise should trend in line with the financial institutions industry as a whole.</p>

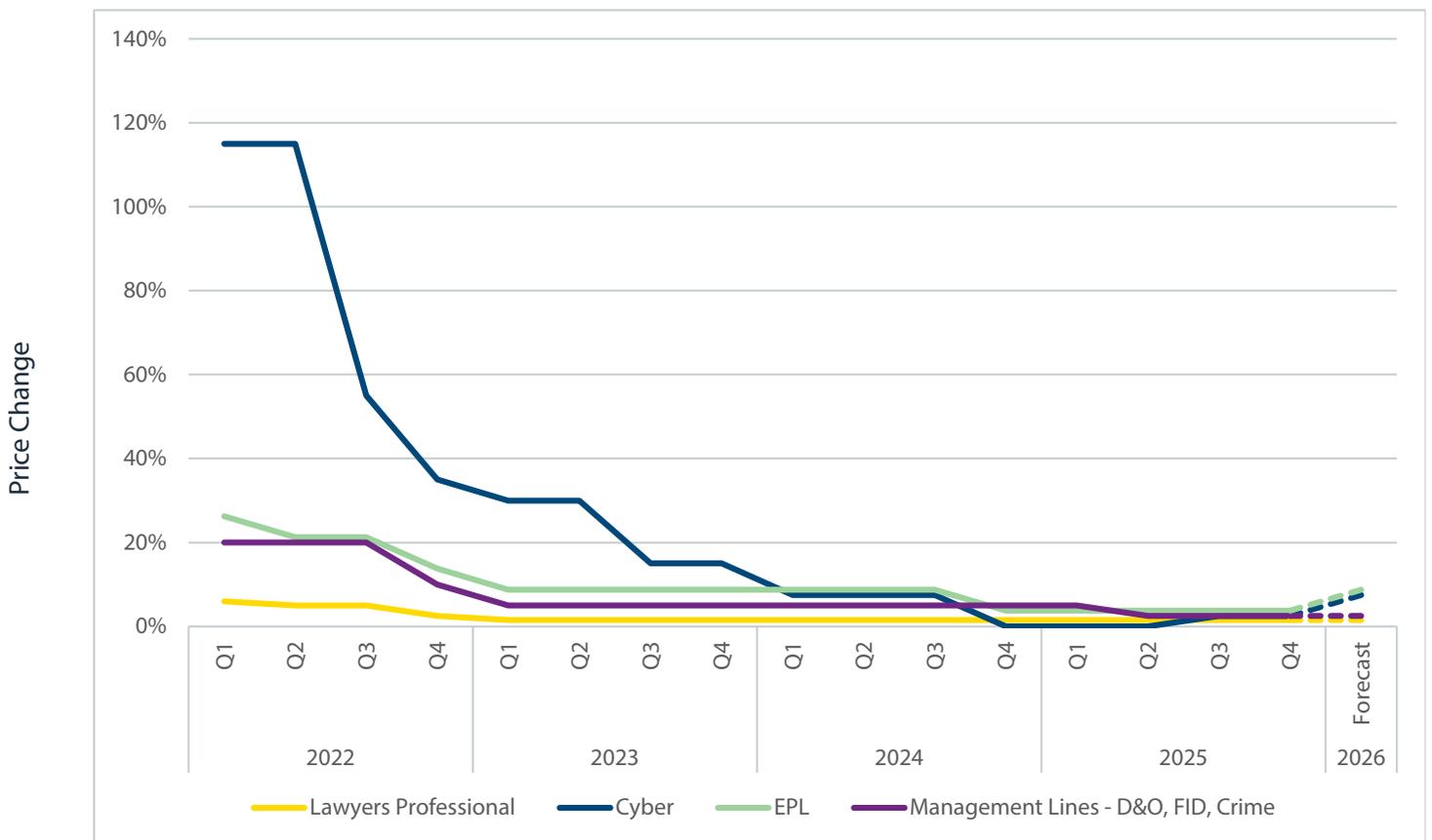
Loan Portfolio – Lender’s Single Interest, Mortgage Impairment and Mortgage Hazard

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>5% to 10%</p>	<p>Real estate insurance rates continued their upward climb in H2 2025, driven by a retreat from residential markets by primary carriers, limited reinsurance availability and surging replacement cost valuations. Catastrophic losses only intensified these pressures.</p> <p>On the auto side, while delinquency rates remained elevated, pricing for lender’s single-interest coverage began to stabilize after prior volatility.</p>	 <p>5% to 10%</p>	<p>Moderate rate increases are expected to persist across real estate portfolios as carriers recalibrate in response to catastrophe exposure and economic uncertainty.</p> <p>Auto insurance pricing is likely to trend upward, with carriers adjusting rates and deductibles to counteract rising loss ratios and borrower defaults.</p>
 <p>Limits</p>		<p>Standard mortgage hazard limits held steady at \$5M for property and \$1M/\$2M for liability, but higher limits remained accessible for commercial lenders.</p> <p>Lender’s single-interest coverage typically caps at \$100,000 per collateral item, though elevated limits were available based on asset type and portfolio structure.</p>		<p>Residential limits are expected to remain consistent, but commercial portfolios may see upward adjustments as market volatility continues.</p> <p>On the auto side, lender’s single-interest limits are expanding, with some carriers offering coverage up to \$150,000 to \$250,000, depending on collateral class.</p>
 <p>Retentions</p>		<p>Deductibles for mortgage hazard and flood coverage remained stable, typically ranging from \$1,000 to \$10,000.</p> <p>However, lender’s single-interest policies shifted away from the traditional \$0 deductible, with some carriers implementing deductibles as high as \$10,000 to reflect rising repair costs and asset values.</p>		<p>Higher deductibles are expected to become the norm, especially in commercial real estate portfolios with larger limits.</p> <p>For lender’s single-interest programs, the phase-out of \$0 deductibles will continue, and carriers are exploring separate deductible structures by coverage type to better manage exposure.</p>
 <p>Coverage</p>		<p>Coverage terms and availability remained largely unchanged in H2 2025, with no major disruptions or enhancements across standard programs.</p>		<p>Coverage offerings are expected to remain consistent over the next year, with no significant shifts anticipated in terms or availability.</p>
 <p>Carrier</p>		<p>Insurers remain actively involved in mortgage hazard and impairment coverage, particularly when evaluating investor-backed portfolios.</p> <p>However, interest in auto portfolios waned as rising delinquencies and defaults prompted more conservative underwriting.</p>		<p>Carrier appetite for mortgage-related risks is expected to hold steady.</p> <p>In contrast, auto portfolios may face tighter underwriting and reduced carrier interest as loss trends continue to deteriorate, especially in high-delinquency segments.</p>
 <p>Claims</p>		<p>Real estate claims remained stable in both frequency and severity.</p> <p>Auto claims, however, saw a spike in physical damage and skip losses, driven by borrower defaults and voluntary vehicle surrenders.</p>		<p>Real estate claims are projected to remain steady, but 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.</p>



Law Firm Practice

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 Firm Practice

H2 Summary

Cyber for Law Firms

Throughout 2025, the cyber insurance market for law firms remained stable, with most firms experiencing flat renewals due to increased competition among insurers and steady improvements in cybersecurity practices across the legal sector. Despite these favorable conditions, law firms continued to be viewed as a high-risk class, and only a limited number of insurers were willing to underwrite them. Claims stemming from ransomware, business email compromises and data breaches persisted, underscoring the ongoing need for robust cybersecurity measures. While renewal terms were slightly more favorable, maintaining strong cyber hygiene remained essential for managing persistent risk exposure.

Employment Practices for Law Firms

In 2025, employment practices liability (EPL) insurance trends reflected a tougher market environment. Carriers were pushing higher retentions, while insureds without claim activity generally saw flat pricing. However, geographic hotspots such as in California, New York and New Jersey remained under heightened scrutiny, with underwriters applying stricter standards and closer review. On a positive note, policy language improved across the board, providing clearer definitions and better transparency around covered events, which helped insureds more effectively understand their coverage scope and limitations.

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

The management liability insurance market for law firms experienced flat pricing, with premiums holding steady for most firms. However, insurers showed limited appetite for writing policies in this sector due to the high-risk profile associated with law firms. This cautious stance was driven in part by a high volume of claims related to funds transfer fraud and social engineering, which continued to present significant challenges for the industry.

2025 Law Firm Trends

- In 2025, accelerating law firm mergers reshaped the industry, driving expansion, specialization, efficiency and heightened focus on legacy liability coverage.
- Law firms leveraged AI to boost efficiency and client service while protecting sensitive data through secure systems and rigorous risk management.
- Lawyers professional liability (LPL) rates varied by firm size, practice area and claims history. Regional firms with strong risk management and clean records often saw flat renewals or premium decreases, while larger national firms faced modest increases on primary layers.
- Large-firm claims remained frequent and severe, driven by rising defense costs and quick settlements. Corporate transaction errors carried the highest impact, while regional firms benefited from minimal claims activity.

Law Firm Practice

2026 Outlook

Lawyers Professional Liability (E&O)

Looking ahead to 2026, law firms are expected to pursue mergers and acquisitions to gain scale, efficiency and broader service offerings. Firms will face growing pressure to expand capacity and geographic reach, making integration and cultural alignment critical. Insurance reviews will be essential to address pre- and post-close exposures. Insurers will maintain disciplined capacity management and seek justified premium increases, with portfolio diversification becoming a priority. New carriers will enter the market, and firms will have access to significant LPL limits and innovative solutions. Proactive risk management, data-driven placement and close broker collaboration will remain key to maximizing coverage and navigating change.

Cyber for Law Firms

The cyber liability insurance market in 2026 is expected to remain stable under the assumption of no major loss events. However, capacity continues to shrink for small and midsize law firms, while competition among carriers for large law firms remains strong. Claims activity shows no signs of slowing, with ransomware, business email compromise and data breaches driving persistent losses. Law firms remain one of the most heavily targeted industries, underscoring the need for vigilant risk management and tailored coverage solutions.

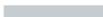
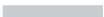
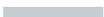
Employment Practices for Law Firms

The EPL market for law firms continues to trend toward a harder environment as losses show no sign of slowing. In key jurisdictions such as in California, New York and New Jersey, firms can expect limited capacity alongside higher retentions and premiums, reflecting adverse loss histories. Despite these challenges, policy language has improved, with certain carriers introducing law-specific forms that provide more tailored coverage solutions.

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

In 2026, the management liability insurance market for law firms remains relatively stable, with most firms experiencing flat pricing on renewals. Despite steady rates, insurers continue to show limited appetite for underwriting law firms due to their high-risk profile. This caution is largely driven by the ongoing prevalence of cybercrime-related claims, particularly those involving funds transfer fraud and social engineering. As these threats persist across the legal sector, insurers maintain cautious underwriting practices, prioritizing firms with strong internal controls and robust cyber risk management protocols.

Lawyers Professional Liability (E&O)

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>0% to 3%</p>	<p>The H2 2025 market remained competitive, and 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.</p>	 <p>0% to 3%</p>	<p>Pricing looks to remain stable for 2026. Overall stability of existing and new capacity entering the market has helped maintain a healthy market environment.</p>
 <p>Limits</p>		<p>Most carriers were capping primary limits at \$5M at the end of 2025, with a few still willing to offer \$10M. Quota share options continued to rise in popularity. Excess limits were still widely available up to \$10M in capacity, depending on attachment point.</p>		<p>A conservative approach to overall limits is expected to continue, as is the increased utilization of quota shares to manage carrier risk.</p>
 <p>Retentions</p>		<p>Carriers increasingly focused on matching the size of the retention with revenues and size of firm, particularly in the middle market to large firm space.</p>		<p>More carriers are expected to shift their focus to revenue and attorney count to determine adequate retention for firms.</p>
 <p>Coverage</p>		<p>Coverages for this line of insurance remained relatively stable. Some carriers continued to increase add-in coverages, with low sublimits (subpoena, crisis management) becoming standard.</p>		<p>Coverage is expected to remain relatively stable for 2026.</p>
 <p>Carrier</p>		<p>Market capacity continued to increase within the LPL space, with new carriers entering the space. Another carrier exited the space. Vantage will no longer offer terms to law firm as of March 1, 2026. This shift not only presents certain challenges but will also lead to opportunities.</p>		<p>Overall stability of existing and new capacity entering the market will help maintain a healthy market environment.</p>
 <p>Claims</p>		<p>Severity of claims continued to rise, driven by higher defense costs and larger deals with more sophisticated clients. Frequency stabilized or decreased due to the slow-down in litigation and related areas.</p>		<p>Corporate transaction errors carry the highest impact and will most likely continue to lead the way in claims activity.</p>

Cyber for Law Firms

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>0% to 5%</p>	<p>The cyber market overall remained stable, resulting from new market entrants and increased cybersecurity across the board. However, law firm claims activity did not slow down, which led to a limited carrier appetite for this class. Law firms can expect relatively flat renewals assuming no material change in risk.</p>	 <p>5% to 10%</p>	<p>The cyber insurance market for law firms will remain relatively stable in 2026 assuming a clean loss history. Small to midsize law firms can expect small premium increases due to shrinking capacity and claims activity.</p>
 <p>Limits</p>		<p>Many carriers decreased limits available on primary or refused to increase limits to meet law firm demands. This resulted in the need for more participants to meet client demand for limits.</p>		<p>Capacity will remain consistent with the end of 2025. Small to midsize law firms will continue to experience shrinking capacity due to claims activity.</p>
 <p>Retentions</p>		<p>Upward pressure on retentions continued, particularly when firms lacked requisite controls or experienced claims activity.</p>		<p>Retentions have stabilized after adjusting to the marketwide claims conditions.</p>
 <p>Coverage</p>		<p>Ransomware coverage was closely scrutinized and often sublimited or eliminated if control requirements were not met. Multifactor authentication is a standard requirement for coverage, and firms unwilling or unable to implement this requirement will see reduced coverage in 2026. Endpoint detection and response is becoming a more common requirement.</p>		<p>Continued mandatory requirements for multifactor authentication, backups, encryption and more is expected for all size firms. Endpoint detection and response will be required for midsize to large law firms.</p>
 <p>Carrier</p>		<p>Underwriting guidelines tightened, and a reduced carrier appetite for the class of business was common as activity targeting law firms increased.</p>		<p>Expect continued emphasis on minimum requirements for data security and cyber controls. Law firms continue to be a less desirable class of business as cyber carriers continue to tighten underwriting guidelines and requirements.</p>
 <p>Claims</p>		<p>Increased ransomware and business email compromise claims against law firms continued to become public. Several hacking incidents involving large firms heightened concerns about increased claims.</p>		<p>Claims activity is expected to continue to increase, and the cost of investigation and remediation is expected to continue to rise.</p>

Employment Practices for Law Firms

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>0% to 5%</p>	<p>Rates stabilized, but claims activity (discrimination, wage disparagement, deprivation of career opportunities, etc.) and firm growth may lead to rate increases. Law firms with no claims generally received flat renewals.</p>	 <p>5% to 10%</p>	<p>Law firms should brace for mandatory rate increases in EPL insurance as carriers respond to rising claims activity. A surge in litigation – driven by evolving workplace regulations, discrimination, wage disparagement and heightened scrutiny from the Equal Employment Opportunity Commission – is prompting underwriters to tighten terms and boost premiums. Firms with prior claims or operating in high-risk jurisdictions may face steeper hikes, making proactive risk management and policy reviews more critical than ever.</p>
 <p>Limits</p>		<p>Carrier requirements for limits did not change.</p>		<p>Carrier requirements for limits will continue to stay consistent.</p>
 <p>Retentions</p>		<p>Retentions increased, particularly in difficult geographical areas (California, New York and New Jersey).</p>		<p>Overall retentions remain stable for firms with positive loss histories. Retentions are likely to continue to remain high in certain geographical areas (California, New York and New Jersey). Some insurers are seeking to add split retentions for high wagger earners.</p>
 <p>Coverage</p>		<p>The carriers that will consider law firms adjusted their policy forms to include crucial coverage pieces such as failure to make partner. Sublimits for wage and hour, workplace violence and more were increased from \$100,000 to \$250,000.</p>		<p>EPL policy forms will remain consistent. Certain sublimited coverages might be reduced based on claims activity.</p>
 <p>Carrier</p>		<p>There was a limited number of carriers willing to write EPL coverage for law firms.</p>		<p>The same limited number of carriers will continue to offer EPL coverage for law firms.</p>
 <p>Claims</p>		<p>Claims frequency and severity were still on the rise due to discrimination, wage disparagement, deprivation of carrier opportunities and more.</p>		<p>Law firms will continue to experience claims relating to discrimination, disparagement, wage and more.</p>

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

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 Pricing	 0% to 5%	Pricing increases in these lines of business began to stabilize in H2 2025, but concerns remain due to cybercrime issues.	 0% to 5%	Management liability pricing should remain flat, but claims/company growth could lead to rate increases. Cybercrime claims will continue to affect pricing (crime).
 Limits		Carriers focused on managing limits capacity and ventilating exposures in the large law firm segment, which is where we see most of the demand for these coverages.		No change in limits expected after previous adjustments, although we may see more sublimits implemented in certain areas.
 Retentions		Carriers continued to monitor retention adequacy and take corrective action where needed, particularly where employee count was high and policies/procedures were not fully implemented.		Retentions will continue to be monitored, particularly where there are past claims or where policies/processes are inadequate.
 Coverage		Crime, directors and officers, and fiduciary liability for law firms remained stable. Still, some adjustments were being made in fiduciary and crime where sublimits and exclusions were being implemented to address increase in claims related to cybercrime and excessive fee litigation (fiduciary).		Coverage expansion is not anticipated.
 Carrier		The market continued to stabilize, with no real shifts in participants or appetites.		Market is expected to remain relatively stable, with no real shifts in participants or appetites.
 Claims		Cybercrime (social engineering, funds transfer fraud, etc.) resulted in increased claims counts and severity in these lines.		Severity is expected to increase in these lines, as projected settlements and related defense costs are expected to rise. Cybercrime claims will continue to be prevalent.



Life Sciences

Product Liability





Life Sciences

H2 Summary

The second half of 2025 remained broadly stable for life science insurance, though underwriting behavior became more selective through the year. Capacity was generally available, and pricing was largely unchanged for well-performing accounts. That said, carriers were showing less flexibility for risks with complex operations, rapid growth or recent loss activity, particularly in product liability, clinical trials and emerging technologies.

Insurers continued to fine-tune terms and conditions based on individual risk characteristics. There was increased focus on coverage limitations tied to cyber-related exposures, data integrity, chemical impurities, PFAS, excipients and certain pharmaceutical ingredients. As underwriting has become more granular, policy language has been increasingly customized to reflect differences in development stage, manufacturing controls and trial design.

Companies with strong loss histories, established quality systems and disciplined risk management continued to secure favorable pricing and access to broad capacity. In contrast, organizations with adverse claims experience or less mature controls saw higher retentions, narrower coverage and selective rate increases.

Overall, underwriters remained disciplined and focused on risk differentiation in H2 2025.

Life Sciences

2026 Outlook

The life sciences insurance market is expected to remain generally stable in 2026, with capacity continuing to support most segments of the industry. Carrier interest in the sector remains strong, and pricing for well-performing organizations is anticipated to hold steady, with adjustments largely driven by exposure changes, inflation and individual loss experience rather than broad market shifts.

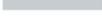
Underwriting focus is likely to continue shifting toward greater risk differentiation. Insurers are paying closer attention to product profiles, development pathways and operational complexity, particularly for companies involved in novel therapeutics, combination products, accelerated approval programs and global clinical trials. These risks may face tighter terms, higher retentions or more detailed underwriting requirements.

Policy terms and conditions are expected to evolve further, with continued emphasis on exclusions or limitations tied to cyber-related bodily injury, data integrity, PFAS and other chemical contaminants, excipients and supply chain controls. Insurers are increasingly focused on quality systems, traceability and third-party oversight, especially where manufacturing and clinical activities are outsourced.

Organizations with strong governance, established quality programs and favorable loss histories should continue to benefit from competitive pricing and access to broad coverage. In contrast, companies with adverse claims experience, regulatory challenges or limited operational transparency may encounter more restrictive terms or selective rate increases.

Early renewal planning, thoughtful insurer engagement, complete and well-prepared submissions, and clear communication around risk management practices **will remain critical to achieving optimal outcomes in 2026.**

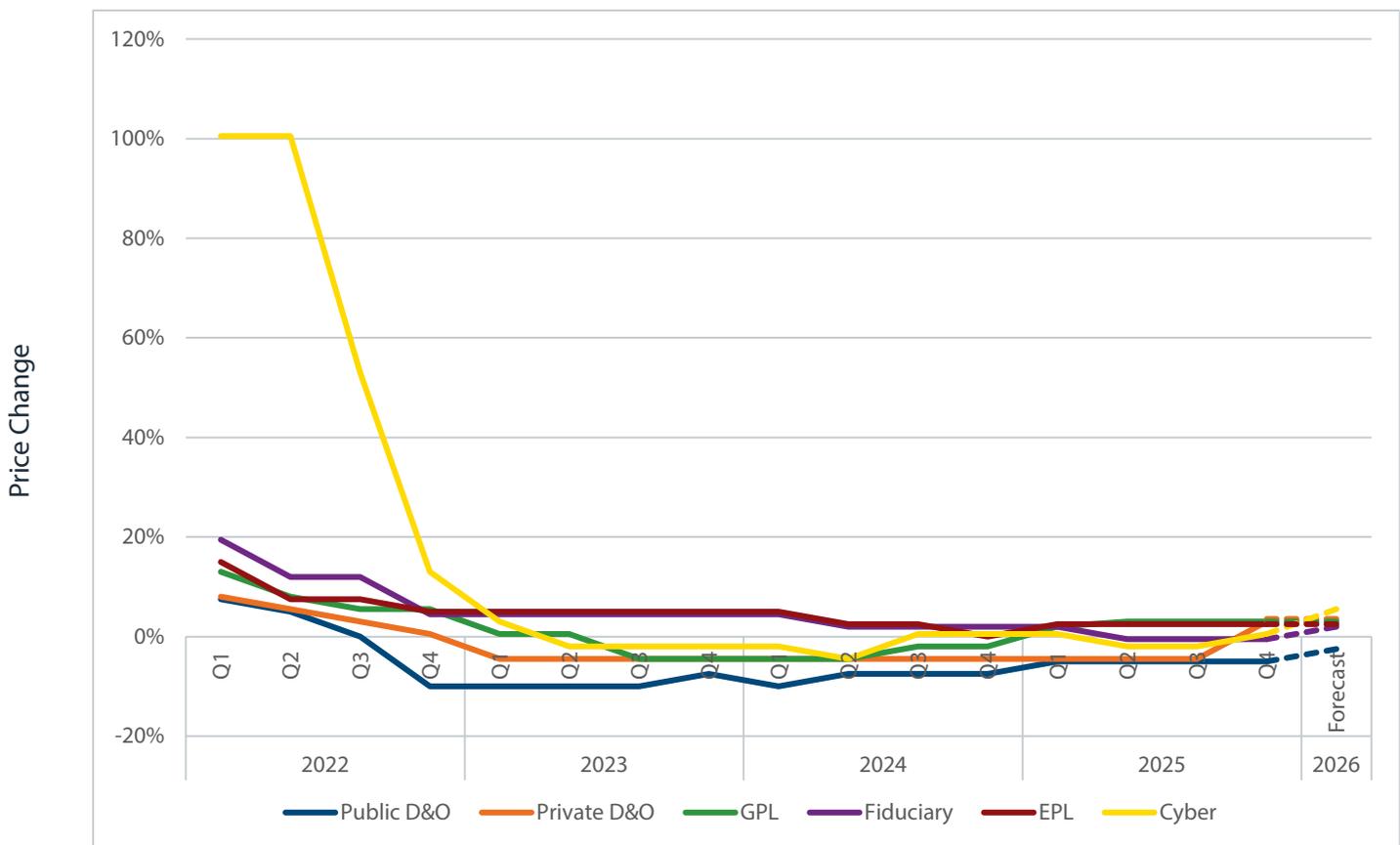
Product Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>0% to 5%</p>	<p>Life sciences product liability saw moderate upward pressure in the second half of 2025, with average increases in the mid single digits. Rising concerns over supply chain resilience, litigation trends and PFAS exposures limited flexibility. Flat renewals became less common, though strong risk management and clean loss histories helped secure competitive terms.</p>	 <p>-4% to 5%</p>	<p>Expect continued moderate upward pressure, with average rate increases in the low to mid single digits. While competition will temper extreme hikes, insurers are signaling less flexibility on terms for complex risks.</p>
 <p>Limits</p>		<p>Underwriting capacity growth slowed in the second half of 2025, creating a more cautious market environment. While coverage remained accessible for companies, competition among insurers became more selective.</p>		<p>Underwriting capacity will remain stable but cautious. New entrants are anticipated to focus on specialty niches rather than broad expansion. Established carriers are prioritizing profitability over volume, leading to strategic deployment of capacity.</p>
 <p>Retentions</p>		<p>Retention structures remained stable through year-end, though more companies opted to raise retentions to counter premium increases and enhance control over risk financing strategies. Alternative risk programs gained track among larger firms.</p>		<p>More insureds are expected to raise retentions to offset premium pressure and gain control over risk financing. Captive and alternative risk structured programs will gain traction among larger life sciences firms. We will see a shift towards self-insurance for predictable layers.</p>
 <p>Coverage</p>		<p>Companies with well-established safety practices and risk programs continued to secure favorable terms. During the second half of 2025, underwriting scrutiny tightened for clinical trial-heavy portfolios and emerging risks.</p>		<p>Favorable terms will persist for companies with strong risk management hygiene and mature risk management programs. Underwriting scrutiny will intensify for clinical trial-heavy portfolios, emerging biotech and organizations with complex supply chains.</p>
 <p>Carrier</p>		<p>Renewal negotiations lengthened as carriers demanded more detailed data and risk differentiation. Segmentation continued and advocacy played a critical role in positioning companies effectively to secure favorable outcomes.</p>		<p>Competition remains, but segmentation will deepen. Carriers will prioritize lower risk accounts while tightening terms for complex exposures. Expect longer renewal cycles as negotiations become more detailed and data-driven.</p>
 <p>Claims</p>		<p>Clinical trial activity drove higher claim potential, particularly in emerging markets with less mature regulatory frameworks. Plaintiff-friendly jurisdictions and expanded liability theories sustained upward pressure on settlement values, while mass tort risk remained a concern for high profile recalls and products.</p>		<p>Frequency is expected to remain relatively stable overall, with a slight uptick in severity for certain segments. Combination products and personalized medicine continue to generate complex litigation. Supply chain disruption is leading to contractual disputes and contingent liability claims.</p>



Management, Cyber & 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

H2 Summary

Market Overview – Management liability lines closed 2025 in a highly competitive, capacity-robust environment. Through the second half of 2025 we started to see moderating rate decreases, while emerging loss indicators and evolving social and litigation trends signaled a flatter, more differentiated market in 2026. In some product lines, notably cyber, insurers became more selective in their approach to pricing, limits and risk appetite. Presented below is a concise product-by-product overview for D&O, EPL, fiduciary, crime, cyber and general partnership liability (GPL).

Directors and Officers (D&O) Liability

H2 2025 – The market remained broadly buyer-favorable for most programs, characterized by abundant capacity, additional carrier participation and ongoing – though slowing – rate relief, with many well-performing risks renewing flat to modestly down. At the same time, stress emerged in defined segments, including higher-risk industries, companies with weakened or highly leveraged balance sheets, IPO/special purpose acquisition company (SPAC) and private equity-backed roll-up strategies, and insureds facing heightened regulatory or supervisory scrutiny.

2026 View – Conditions are expected to evolve from a soft market toward a more stable, technical environment, with a greater proportion of flat renewals, fewer opportunities for material reductions and sharper underwriting differentiation by sector, financial strength, governance quality and AI/cyber risk profile. Tighter terms are anticipated around event-driven securities claims, environment, social and governance/DEI-related litigation, insolvency and bankruptcy exposures, and senior executive conduct, with insurers more inclined to deploy higher retentions, coinsurance, or sublimits in lieu of broad-based rate increases. The D&O insurance market remains competitive, sustained by a surplus of capital and ongoing carrier appetite. Companies with strong risk profiles, particularly public companies and well-managed privately held firms, should continue to enjoy favorable renewal terms.

Employment Practices Liability (EPL)

H2 2025 – The EPL market remained broadly competitive, with many core programs renewing flat or experiencing low single-digit adjustments, although wage and hour exposures and certain jurisdictions/industries saw upward pressure on terms and pricing. Key claim drivers included increased regulatory enforcement, evolving workplace regulations, pay transparency requirements, DEI-related disputes and a persistently elevated volume of class actions in specific industries and venues associated with “nuclear verdicts.”

2026 View – Conditions are expected to become more segmented, with flat to approximately +5% outcomes for well-performing portfolios, but materially firmer terms for higher-risk sectors (including healthcare, retail, hospitality, gig/contingent workforce and large multistate employers) and for wage and hour exposures, where +5% to +15% ranges are already emerging into 2026. Underwriters are likely to place greater emphasis on HR controls, documentation practices, remote and hybrid work policies, the deployment of AI in HR processes and historical loss performance, with some markets selectively reducing capacity in more challenging jurisdictions.

Fiduciary Liability

H2 2025 – Benefiting from the broader management liability softening: plenty of capacity and competitive pricing for mainstream ERISA fiduciary risks, particularly for well-run, diversified retirement plans. However, ongoing litigation around excessive fees, investment performance, company stock funds and alternative/environment, social and governance options kept underwriters cautious on large plans and poorly governed arrangements.

2026 View – Outlook skewed to “stable but selective”: expectation of more flat outcomes for good risks, with carriers focusing on plan size, design, governance, vendor management and fee oversight. Weaker governance or large concentration in volatile assets could see rate or retention pressure. Continued regulatory and litigation activity (Department of Labor scrutiny, excessive-fee suits, evolving investment options) suggest limited appetite for broad coverage expansion absent commensurate economics.

Fidelity/Crime

H2 2025 – The commercial crime market remained generally stable to soft, with sufficient capacity and targeted competition, although loss experience related to social-engineering schemes, funds-transfer fraud and internal dishonesty continued to vary significantly by industry and class of business. Increasing overlap with cyber coverage for exposures such as social engineering, fraudulent instruction and payment diversion prompted tighter policy language around fraud triggers, call-back/verification procedures and the allocation of losses between crime and cyber forms.

2026 View – Pricing is expected to be broadly flat to modestly higher, accompanied by sharper differentiation based on each insured’s control environment, transaction volumes and reliance on manual versus automated verification processes, with some insurers likely to adopt higher minimum retentions or sublimits for social engineering and third-party funds transfer fraud. Pressure to coordinate crime and cyber programs will likely increase, with buyers encouraged to more closely align limits, retentions and wording to minimize gaps or unintended overlaps in coverage for fraud-related events. The fidelity/crime insurance market remains one of the most stable within the financial lines space.

Cyber Liability

H2 2025 – Cyber remained a strong growth line, with rising take-up and solid top-line expansion, and global premium volume estimated in roughly the mid-teens to low-20 billions by year-end 2025. Rate acceleration moderated compared with the 2020 to 2022 surge, creating a competitive environment for well-controlled risks, while accounts with elevated ransomware activity, material systemic cloud exposure or weaker controls encountered firmer pricing and more restrictive terms.

2026 View – Premium and exposure growth are expected to continue, but with greater volatility by segment: large, well-secured organizations are likely to experience stable to slightly improved terms, whereas SME and less-mature risks can anticipate rate pressure, higher baseline security requirements and tighter wordings (including around war/systemic events, MFA, backup standards and vendor/outsourced IT). Underwriting and reinsurance attention is set to intensify around AI-enabled attacks, concentration risk in critical vendors, business interruption and contingent business interruption valuation, and privacy-regulatory exposures, alongside a push for clearer articulation of catastrophic cyber scenarios.

Conclusion – Across the management, cyber and professional liability landscape, insurers are adapting pricing and underwriting strategies to reflect a blend of competitive market dynamics and emerging risk realities. **Cyber liability remains the most technically underwritten line**, with evolving threats influencing diligence but not yet causing a broad market firming. Insureds should continue to benefit from a buyer-friendly environment in the near term but should remain alert to shifts in carrier appetite, litigation trends and regulatory developments — especially in high-impact states and high-risk industries.



Management, Cyber and Professional Liability

2026 Outlook

Management, Cyber and Professional Lines	
Directors and Officers Public Company	-10% to 5%
Directors and Officers Private/Nonprofit	-5% to Flat
Fiduciary Liability	Flat to 5%
Employment Practices Liability (Primary)	Flat to 5%
Crime/Fidelity	-5% to 5%
Cyber	Flat to 10%

Public Company Directors and Officers Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 Pricing	 -10% to Flat	<p>Public company D&O in the second half of 2025 remained buyer friendly, but the multiyear softening cycle clearly decelerated, with carriers using H2 to push back on underpriced risk while facing a backdrop of steady but more severe securities litigation. Rate reductions were still achievable for good risks, yet underwriting scrutiny, retentions and segment-specific tightening (e.g., IPO/tech/AI/crypto-exposed names) trended upward as insurers reacted to mounting loss severity and unsustainable profitability.</p>	 -10% to 5%	<p>Public company D&O remained strongly buyer favorable as of late 2025, but the softening trend is clearly bottoming out, with rate decreases narrowing to near flat on the primary and modest mid-single-digit cuts on a per-million basis across towers. They emphasize abundant capacity and high renewal stickiness yet warn that current conditions may be short lived given unrelenting loss trends and limited new capital, implying a more cautious, disciplined market tone. As 2026 renewals unfold public D&O over the next 12 months, ample capacity will continue to pressure pricing, but the pace of rate declines is expected to stabilize.</p>
 Limits		<p>Insurance carriers continued to maintain their average limits in public D&O. Consistent with what we saw in early 2025, incremental limit tranches continued to grow, with some expiring positions increasing from \$5M and moving to \$10M. However, carriers remained hesitant to deploy larger capacity in challenging sectors such as distressed companies, digital assets, cannabis, IPOs, special-purpose acquisition companies (SPACs) and de-SPACs.</p>		<p>We expect carriers to maintain and, in certain cases, increase their capacity over the next 12 months for preferred risks.</p>
 Retentions		<p>We started to see more decreases on retentions given the competitive marketplace in the early part of 2025, especially for small market cap companies. We think this trend will continue.</p>		<p>We expect to continue to see some decreases in retentions 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.</p>
 Coverage		<p>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.</p>		<p>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.</p>
 Carrier		<p>Capacity continued to be abundant in the public D&O market, which continues to put downward pressure on pricing and retentions. New entrants chasing deals is driving this trend.</p>		<p>There continues to be an abundant amount of insurer capacity, and we expect this to continue for the remainder of 2026.</p>
 Claims		<p>D&O claims activity in the second half of 2025 was characterized less by a spike in frequency and more by continued, elevated severity, with large, complex securities cases and settlements keeping the loss cost environment challenging for public company carriers. Claim themes solidified around AI-related disclosures, cyber and operational breakdowns, earnings guidance misses, and life sciences/biotech volatility, against a backdrop of steady overall securities filing counts but outsize dollar losses in major actions.</p>		<p>Over the next 12 months, D&O claims are expected to be steady to slightly higher in frequency, but with a continued tilt toward larger, more complex losses driven by insolvencies, cyber/operational failures, and event-driven securities litigation rather than a surge in raw filing counts. Severity pressure in North America in particular should remain pronounced, keeping portfolio loss costs elevated even if annual securities class action filings stay within long term historical ranges.</p>

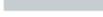
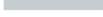
Private and Not-for-Profit Company Directors and Officers Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-10% to Flat</p>	<p>Private and not-for-profit D&O in the second half of 2025 remained broadly buyer friendly, with stable to slightly decreasing premiums for most accounts, but the tone was clearly shifting toward more selective underwriting and tighter terms for stressed segments. Capacity was still ample across both private and nonprofit towers, yet carriers were increasingly sensitive to insolvency, EPL, abuse/molestation, cyber and sector-specific headline risk, which is driving coverage carve-outs and firmer pricing where loss experience or exposure warrants.</p>	 <p>-5% to Flat</p>	<p>Pricing is expected to remain stable and continue to improve in certain areas heading into 2026, given the amount of capacity in the marketplace for clients with good risk profiles. We do expect to continue to see a rise in bankruptcies and restructurings, causing underwriters to scrutinize financial metrics in greater detail than they have historically.</p>
 <p>Limits</p>		<p>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.</p>		<p>Similar to the publicly traded segment, we do expect carriers to increase limits (e.g., \$5M to \$10M) for those companies with strong risk profiles given the pricing economics we are seeing in this space.</p>
 <p>Retentions</p>		<p>We saw carriers generally maintain their retention levels, but in some cases, there were some decreases throughout the quarter given the increased competition in the market.</p>		<p>We expect to see retentions remain the same and, in some cases, decrease given new capacity interested in writing more business.</p>
 <p>Coverage</p>		<p>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.</p>		<p>Anticipate insurers continuing to expand coverage to differentiate their offerings, including expanded antitrust and entity coverage offerings.</p>
 <p>Carrier</p>		<p>We continued to see the emergence of new market capacity in the private company sector. The post-pandemic appetite for established business with less than \$100M in revenues is becoming a carrier focus.</p>		<p>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.</p>
 <p>Claims</p>		<p>Claims volume remained steady, increasing incrementally as competition among businesses gets stiffer. Defense costs and other claims elements are in an upward trajectory, which has increased overall claims activity and expense trends.</p>		<p>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.</p>

General Partnership Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>Flat to 5%</p>	<p>The GPL market for insureds with no losses or significant fundraising stabilized, with most insureds seeing flat to very modest rate increases averaging 3.9% on primary policies and 2.8% on overall programs.</p>	 <p>Flat to 5%</p>	<p>We expect the trend of nominal rate increases to continue into the second half of 2025 as social inflation persists.</p>
 <p>Limits</p>		<p>Overall capacity remained strong within the GPL marketplace, although some carriers are looking to pare back \$10M and \$15M layers.</p>		<p>As a result of the large losses mentioned above, we expect some carriers to manage limits and some excess markets to exit the space entirely.</p>
 <p>Retentions</p>		<p>Retentions have generally remained stable year over year, with some firms seeing material increases in response to significant fundraising or claims activity. The EPL retentions are being raised by some carriers to be in line with GPL retentions in response to an increase in material EPL litigation at the general partner level.</p>		<p>Firms who have had low retentions, while assets under management have increased, can expect to see retentions adjusted at renewal.</p>
 <p>Coverage</p>		<p>Breadth of coverage was stable, with a focus on broadening regulatory and investigations coverage. Carriers are looking to address their employment practices-related exposure by increasing retentions.</p>		<p>Subject to unexpected event-driven occurrences, we expect the breadth and scope of coverage to remain unchanged.</p>
 <p>Carrier</p>		<p>The market of primary insurers in the U.S. remained stable. New excess capacity has entered the market but has not materially impacted pricing.</p>		<p>We expect capacity to remain largely stable, with some high excess players leaving the space because of losses sustained in 2024.</p>
 <p>Claims</p>		<p>The current administration is focused on deregulation, which may lead to a lower regulatory claims environment. The SEC continued its focus on off-channel record-keeping the failure to establish, maintain and enforce policies relating to material nonpublic information and noncompliance with the Marketing Rule for investment advisors.</p>		<p>We expect the SEC to concentrate its attention on retail investor protections against offering frauds, insider trading and market manipulation. Additionally, we expect a reduction in "sweeps" and investigations relating to environmental, social and governance while the agency focuses on AI regulation and creating a crypto-friendly regulatory environment.</p>

Fiduciary Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-5% to 5%</p>	<p>Fiduciary liability remained broadly stable and profitable in the second half of 2025, 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. Over the next 12 months, modest rate and structural pressure will persist around excessive fee and similar class action exposures, but no fundamental dislocation is expected absent major adverse court developments.</p>	 <p>Flat to 5%</p>	<p>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.</p>
 <p>Limits</p>		<p>Adequate capacity was available in H2 2025, 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.</p>		<p>Limit deployment for fiduciary liability is expected to remain stable into 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.</p>
 <p>Retentions</p>		<p>Carriers largely maintained their retentions in H2 2025, 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.</p>		<p>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 claims are active.</p>
 <p>Coverage</p>		<p>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 class actions and large defined contribution programs with higher theoretical exposure.</p>		<p>The trend toward managing excessive fee exposure via sublimits, separate retentions, coinsurance and refined exclusions is expected to continue. Otherwise, the overall breadth of fiduciary coverage is expected to remain broadly stable. As case law continues to evolve, carriers will further refine definitions and conditions around prohibited transactions, fee structures and benchmarking practices. Sponsors with strong documentation, benchmarking and committee practices will be better placed to negotiate more favorable terms or resist the strictest limitations.</p>
 <p>Carrier</p>		<p>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.</p>		<p>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. As long as loss experience holds, carriers are likely to view fiduciary as a relatively attractive line within the broader management liability portfolio. Any future consolidation or retrenchment would more likely follow broader corporate or capital allocation decisions than fiduciary specific concerns.</p>
 <p>Claims</p>		<p>Litigation trends, especially excessive fee class actions, remained active but below prior peak levels, with filing and settlement activity moderating versus earlier surges. Favorable legal precedents in several circuits have led to more dismissals or narrowed theories of liability, improving the defense landscape for plan sponsors.</p>		<p>More of the same is expected for the next 12 months — a continued but moderated stream of excessive fee and imprudent investment litigation, with outcomes heavily influenced by venue. However, key appellate and Supreme Court developments have the potential to materially reshape ERISA litigation exposure.</p>

Employment Practices Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>Flat to 5%</p>	<p>EPL in H2 2025 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. Over the next 12 months, pricing and retentions are expected to drift upward on the back of adverse claims trends, regulatory complexity, and wage and hour and discrimination exposures, even as capacity and carrier appetite remain generally supportive.</p>	 <p>Flat to 5%</p>	<p>Over the next 12 months, pricing is expected to tilt toward consistent low to middle single-digit increases on many accounts, with steeper adjustments for poor loss experience or challenging jurisdictions. Competitive tension and abundant capacity should prevent a sharp hardening, but negative 2025 claim trends are likely to translate into incremental firming through 2026.</p>
 <p>Limits</p>		<p>Limits remained stable in 2025, with no broad contraction in the amount of EPL capacity carriers are willing to deploy. Standard limit structures for middle market and large insureds were broadly available, and layering options remained flexible. Capacity is often packaged with management liability and blended with D&O, which helps maintain available limits even as claims trends worsen. Markets are paying closer attention to limit adequacy relative to workforce size and risk profile, but most insureds were still able to maintain prior-year towers.</p>		<p>Limit deployment is expected to remain broadly stable into 2026, with no major retrenchment anticipated absent a shock loss trend. Some modest uptick in capacity is likely from carriers that view EPL (especially in blended products) as a growth area. New or expanding players may selectively offer higher limits to win market share, particularly in the small and middle-market segments. Any meaningful tightening is more likely to be driven by specific industries (e.g., healthcare, hospitality, staffing) or jurisdictions than by a general capacity pullback.</p>
 <p>Retentions</p>		<p>Carriers continued to address retentions on a state-by-state and risk-specific basis, with New York, New Jersey and California frequently attracting higher deductibles. Retention levels increasingly reflect legislative developments, mass/class action activity and industry-specific loss trends. Underwriters are actively recalibrating retentions to align insured participation with perceived risk, using higher deductibles as a primary tool in more problematic jurisdictions. Regulatory and judicial developments are monitored closely; spikes in certain types of claims often trigger mid-cycle shifts in retention appetite.</p>		<p>Over the next year, retention adjustments are expected to continue, with further upward pressure in high-risk states and industries if claim activity persists. Stable, lower-risk employers may largely maintain existing retentions, but “one size fits all” approaches will remain rare. Continued regulatory evolution and litigation trends will drive more granular, jurisdiction-specific and industry-specific retention strategies. Insureds that invest in robust HR governance, documentation and early dispute-resolution programs will be best positioned to negotiate more favorable retention structures.</p>
 <p>Coverage</p>		<p>Event-driven coverage restrictions continued to be introduced and refined around the Biometric Information Privacy Act (BIPA), Genetic Information Privacy Act (GIPA), Genetic Information Nondiscrimination Act and Pay Transparency Act. Carriers began to show more uniformity in their approach to these exposures, increasingly restricting scope on a countrywide basis rather than only by endorsement in a few states.</p>		<p>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. Buyers should expect more detailed underwriting questions and manuscripted endorsements in these areas but still have room to negotiate nuanced language, particularly in less exposed industries or jurisdictions.</p>
 <p>Carrier</p>		<p>Established players continued to anchor the market, while newer or expanding participants targeted niches or distribution channels where they can differentiate. Use of digital platforms and streamlined workflows is increasingly common, particularly for smaller risks and quota share/ portfolio solutions.</p>		<p>No major shift in market leadership is expected, but modest growth in capacity and product offerings should continue as carriers seek diversified fee and premium income. Appetite for blended EPL/D&O products in the SME segment is likely to deepen as carriers leverage technology to scale.</p>
 <p>Claims</p>		<p>There has been a noticeable increase in both employee claims and third-party discrimination claims, with defense costs and related expenses on an upward trajectory.</p> <p>The U.S. Supreme Court’s decision in <i>Ames v. Ohio Department of Youth Services</i> may encourage more reverse discrimination suits by altering pleading standards and perceived viability of such actions.</p>		<p>Claims activity is expected to remain elevated over the next 12 months, with continued growth in discrimination, retaliation and third-party claims. Pay equity laws and mandatory salary disclosures are likely to generate additional claims – sometimes without clear underlying discrimination – adding complexity to coverage and defense.</p>

Cyber

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-5% to 5%</p>	<p>H2 2025 in cyber remained buyer friendly overall, but insurers are clearly trading price for risk controls, capacity discipline, and tighter wording. Well-controlled insureds can still drive rate relief, higher limits and better structures, while weaker cyber hygiene increasingly attracts coverage restrictions, ransomware carve-backs, and tougher underwriting.</p>	 <p>Flat to 10%</p>	<p>Looking forward over the next 12 months, industry projections indicate that cyber insurance pricing is expected to increase. Rate movements are likely to cluster around flat to modest single-digit decreases for insureds with demonstrably robust controls. The market should stay buyer friendly but more nuanced: underwriters will increasingly differentiate between best-in-class and lagging risks, using price and terms to reward or penalize security posture. Elevated claim frequency and evolving threats may gradually erode appetite for continued rate cuts, setting the stage for stabilization and potential firming toward late 2026 if severity accelerates.</p>
 <p>Limits</p>		<p>More insurers were willing to deploy blocks of \$10M for clients accepting higher retentions and evidencing strong cyber controls, though many buyers still purchased in \$5M increments. Some insureds used premium savings at renewal to buy up additional limits rather than simply banking the reductions.</p>		<p>Carriers will continue to concentrate larger lines on “top-quartile” risks and trim participation on weaker profiles, reinforcing a bifurcated market. Buyers that can demonstrate meaningful improvements (e.g., through external scoring, audit results, or program enhancements) will be well positioned to leverage capacity for limit growth or competitive layering.</p>
 <p>Retentions</p>		<p>The market stabilized around existing retentions, with many clients able to hold or even modestly reduce deductibles and waiting periods when showing strong cyber hygiene. Competitive pressure and healthy capacity helped prevent broad-based increases in self insured retentions. The market stabilized, leaving retentions secure. Clients that can showcase strong cyber hygiene may be able to take advantage of reduced retentions and waiting periods.</p>		<p>As competition stays healthy, significant upward pressure on retentions is unlikely absent a major systemic loss, but underwriters will resist across-the-board erosion of insured participation. Expect more nuanced retention structures targeted at ransomware, dependent business interruption and high-severity first-party events, especially where vendor dependency is concentrated.</p>
 <p>Coverage</p>		<p>Carriers continued to pare back or sublimit ransomware coverage when controls were weak, while also updating forms to address aggregation and systemic concerns. New or clearer exclusions became more common for cyber war, web tracking, biometric data and wrongful collection, even as some markets began offering tailored AI-related coverage grants.</p>		<p>Insureds should anticipate deeper negotiations over exclusions, sublimits and carve-backs, making wording scrutiny as critical as price. Carriers will use coverage differentiation – AI extensions, tailored regulatory cover, industry-specific triggers – to compete for high-quality risks while still protecting against correlated catastrophe scenarios.</p>
 <p>Carrier</p>		<p>Underwriting discussions increasingly focused on vendor management, business continuity planning and employee training, not just technology stack. Accounts with unresolved scan findings (e.g., open ports, unpatched services) faced more pointed questioning and conditional terms. Expect continued or stricter emphasis on demonstrable ransomware and control maturity, with external scoring and continuous monitoring becoming standard inputs to underwriting. Additional carriers are likely to join the space, adding capacity but not loosening core control expectations.</p>		<p>Underwriters will push for evidence of continuous improvement – patch cadence, privileged access reviews, tabletop exercises – rather than static control attestations at renewal. Buyers that integrate insurers’ risk engineering resources and remediate scan findings promptly will remain best positioned for favorable terms, capacity and wording.</p>
 <p>Claims</p>		<p>Social engineering and phishing attacks continued to rise, with bad actors exploiting human factors and leveraging AI to craft sophisticated lures. Ransomware frequency stayed elevated and software supply chain attacks remained a key systemic threat, while privacy violations and AI-related exposures further broadened the loss landscape. Prospective cuts to public cybersecurity funding raised concerns about a less resilient national ecosystem, potentially increasing the success rate of sophisticated attacks. Insurers responded by reassessing aggregation exposure, refining underwriting, and re-examining policy terms to keep pace with the changing threat environment.</p>		<p>Cyber claims activity is expected to remain frequent, with social engineering, BEC and phishing-enabled intrusions continuing to dominate reported incidents. Systemic events, including vendor or platform outages, are likely to remain a significant concern, periodically generating clusters of related claims. As AI accelerates the volume and realism of malicious communications, detection at the user level will become more difficult, sustaining high incident rates even where technical controls are strong. Regulatory style and D&O-like claims connected to cyber events are expected to increase, especially as plaintiffs’ counsel seek to fill any enforcement gaps left by a more guidance-oriented regulatory stance.</p>

Private Equity

R&W Insurance



Private Equity

H2 Summary

Representations and warranties (R&W) insurance submission flow remained strong through the second half of 2025, extending the stability seen earlier in the year. Steady buy-side demand and continued reliance on R&W insurance helped maintain a high level of submissions. Average deal size increased as compared to the first half of 2025 and 2024 as a whole. Improved financing conditions and greater clarity around interest rate movements began to support early signs of market rebalancing.

Pricing conditions shifted meaningfully in H2. After holding near 2.5% rate on line in the first half, average pricing increased to around 3% as the market responded to increased M&A activity and sustained claims severity. Despite this pricing movement, smaller deals, including those with enterprise values as low as \$5M, remained insurable at commercially viable rates.

Claims frequency and severity continued to create upward pressure on underwriting standards, reinforcing the longer-term case for rate stabilization at higher levels. Insurers maintained broad appetite across industries, with growing comfort in sectors that historically prompted heightened scrutiny, such as healthcare and financial institutions. However, underwriting discipline around diligence quality and known-risk categories remained steady.

Market participation saw further evolution in H2. Following the earlier exit of one carrier and the merger of two others, consolidation effects became more pronounced, contributing to firmer pricing and more disciplined quoting behavior. At the same time, a couple of new managing general agents (MGAs) began writing R&W insurance, introducing incremental capacity and partially offsetting consolidation-driven tightening. Parallel to these developments, the use of tax liability and contingent liability solutions continued to increase, providing buyers and sellers flexible alternatives for addressing known issues and long-tail exposures beyond the scope of traditional R&W coverage.

Private Equity

2026 Outlook

If the momentum from late 2025 continues, the outlook for R&W insurance in 2026 is cautiously optimistic, with expectations of a more active deal environment than the prior two years. Many private equity sponsors and asset managers anticipate a meaningful rebound in both transaction volume and deal size as interest rate conditions stabilize, dry-powder deployment pressures increase and portfolio companies return to the market after extended hold periods.

Market dynamics, however, are evolving in ways that will shape capacity and competition into 2026. Following one carrier's exit and the merger of two others in 2025, consolidation effects are beginning to normalize underwriting behavior, and additional strategic realignments remain possible. While a couple of new MGAs have entered the space and added incremental capacity, the broader consensus is that large-scale expansion is unlikely. Instead, the market appears to be transitioning toward a more balanced equilibrium after several years of pronounced buyer-friendly conditions.

Pricing, which began rising in the second half of 2025, is expected to stabilize at moderately elevated levels in 2026. Rate-on-line averages around 3% are becoming the new normal, driven by sustained claims frequency and severity. Retentions are expected to remain flat, and the era of widespread 1%+ retentions appears firmly behind us.

While certain markets may attempt to push for higher rates or modestly increased retentions to offset loss pressure, others are expected to maintain aggressive postures to protect or grow market share, especially in the lower middle market. As a result, the R&W marketplace should remain accessible to buyers in 2026, with healthy competition, disciplined underwriting and pricing that reflects a more sustainable risk environment.



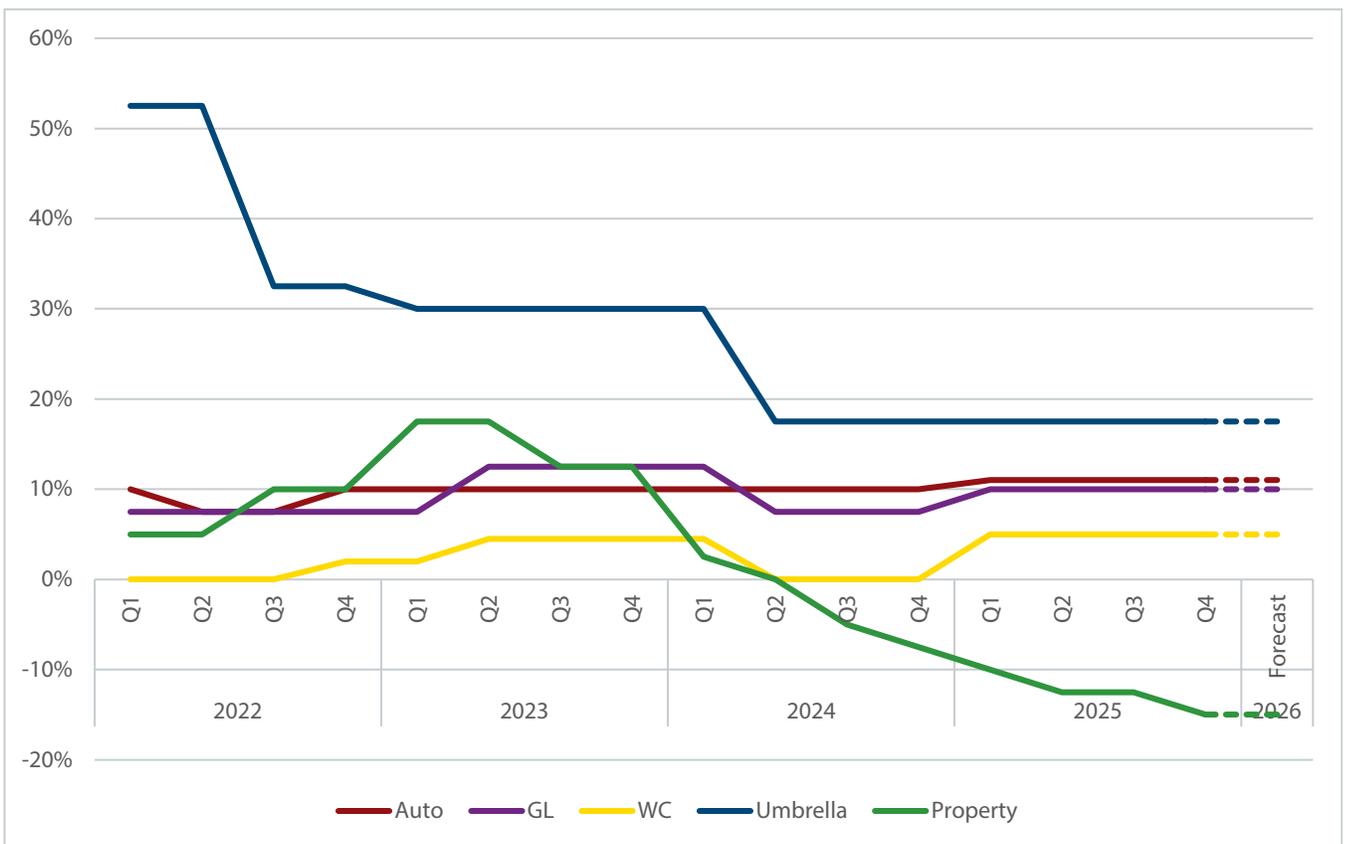
Representations and Warranties Insurance

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 Pricing	 10% to 15%	<p>Pricing for R&W insurance continued to increase from historic lows over the past 12 months. Premiums rose for targets in certain industries where fewer carriers have appetite to provide fulsome coverage, such as healthcare and financial institutions.</p>	 Flat	<p>Over the next 12 months, R&W insurance pricing is expected to remain relatively flat, barring any major macroeconomic shifts. Interest rate movements, regulatory changes and broader M&A market activity will be the primary drivers of any potential pricing volatility.</p>
 Limits		<p>In 2025, most primary R&W carriers could offer a \$30M limit policy for any particular transaction, and there was a robust market for excess coverage to support multibillion-dollar aggregate limits.</p>		<p>While some capacity providers may exit the market, we believe that most carrier limit profiles will remain unchanged.</p>
 Retentions		<p>Initial retentions on R&W policies remained steady through H2 2025, with 0.3% to 0.7% of enterprise value on deals over \$200M. Retentions on smaller transactions remained stable as well, with most under 1%. Most markets are now willing to offer nil retentions for true fundamentals.</p>		<p>We do not have reason to believe that policy retentions will change materially. Policy retentions remained stable on R&W insurance in 2025.</p>
 Coverage		<p>As a general matter, breadth of coverage was stable throughout 2025. Interim breach coverage varied by carrier and was typically available on a case-by-case basis.</p>		<p>We do not have reason to believe that policy coverage will change materially over the next 12 months.</p>
 Carrier		<p>In 2025, a few carriers ceased writing R&W insurance and/or consolidated with other firms, but two new MGAs came online in H2 2025.</p>		<p>Rumors of carrier consolidation and capacity provider pullback suggest we may have fewer carriers in the R&W market in 2026.</p>
 Claims		<p>Over the past several years, R&W insurance claim severity and frequency has increased steadily. Some markets reported a slight increase in claim frequency, while others reported that frequency did not change materially. However, severity continued to increase for most insurers.</p>		<p>We do not have reason to believe that claims volume or severity will change significantly over the next year.</p>



Real Estate

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



Real Estate

H2 Summary

Casualty:

- General liability rates continued to increase, particularly for habitational and retail/shopping center occupancies: between 10% to 15% rate increases were common for clean, favorable accounts. Finding insurer interest in writing new retail accounts became more difficult, with many mainstream markets requiring minimum self-insured retentions of \$100,000 or more, as premises liability claims continued to balloon.
- Competition for office portfolios with limited to no retail/habitational exposure increased markedly, resulting often in rate reductions, as insurers looked to secure new business in less risky real estate classes.
- Risks in states with aggressive plaintiff bars or unfavorable court systems (e.g., Georgia, Texas and Florida) continued to suffer from insurer aversion and lack of competition.
- Nonrenewed habitational accounts continued to take the most severe rate increases and excess capacity challenges, often with significantly increased retentions and adverse coverage terms/conditions.
- Exclusions continued to be the preferred method of dealing with the potential of any catastrophic loss potential or uncontrolled exposure, generally without much negotiation. Common exclusions, especially for habitational and/or areas in high-crime areas: assault/battery, firearms/weapons, animals/pets, sexual abuse and molestation, habitability and human trafficking. New York-specific exclusions included New York labor law and independent contractors.
- Automobile rates continued to increase 7% to 15% at renewal for well-performing accounts, driven by large verdicts and settlements as well as increased costs of repair.
- The market for workers' compensation (WC) remained competitive as insurers vied this business to provide a buffer for the more volatile general liability and automobile lines.
- Renewals were challenged by more stringent underwriting demands and/or restrictions, often with markets changing appetite or terms/conditions with little to no leverage or recourse.

Market conditions continued to be challenging for much of real estate at the end of 2025.

- Moving forward, brokers and insureds must work together proactively to present the most favorable risk profile to markets:
- Credible and engaged management:
 - Strong third-party contracts favoring insured and backed up with certificates of insurance.
 - Consistent and demonstrable capital improvements and resolution of any risk management concerns.
 - Proactive engagement on claims and sound safety/maintenance practices.
- Timely, thorough and quality submission, including supplemental applications, are especially critical to allow enough time for loss control visits if needed.
- Executed third-party contracts demonstrating strong indemnification obligations and insurance requirements in favor of our client.
- Loss summaries with details on larger and/or open claims as heavy scrutiny of loss history continues.
- Use of analytics to understand risk retention versus premium trade-offs up front.
- Clear and realistic guidance on pricing/coverage goals.
- In-person underwriting meetings where appropriate and/or useful if client has a compelling or unusual presentation or circumstances.

Umbrella:

- Umbrella/excess capacity continued to contract as insurers looked to limit exposure to no more than \$15M at any attachment. Lead umbrella capacity moved toward a new norm of only \$5M to \$10M for favorable classes of business. Rate increases continued even for well-performing accounts as insurers struggled to price for loss trends.
- Renewals for insureds with risk purchasing groups (RPGs) continued to fare relatively well in securing high limits for less than traditional layered options. However, RPGs did not universally perform as well when competing for new business.
- Supported lead umbrella offerings were the most competitive and a critical advantage in retaining renewals or writing new business. Admitted unsupported lead umbrellas are offered by only a few insurers, all of which require a minimum attachment of \$2M/\$4M, adding to the overall cost.
- Nonrenewed lead umbrellas continued to result in significant increases for all insureds due to scarcity of stand-alone lead umbrella markets. Nonrenewed habitational-dominated risks very often had to use three insurers to achieve the first \$10M of excess coverage at very steep and opportunistic pricing, often with adverse exclusions.
- High excess capacity remained reasonably accessible after the \$25M attachment point. However, overall limits offered were no more than \$10M or \$15M, and quota share options became more prevalent as underwriters sought to limit exposure.

Property

The improved market conditions that permeated the second half of 2024 accelerated throughout 2025. A quiet domestic 2025 hurricane season pushed the property insurance market to more competitive levels.

Based upon renewal activity during H2 2025, we saw the below high-level rate variables with renewal and new business placements:

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

The above rate trends were buoyed through greater accessibility and competition among incumbent and new carriers offering additional and/or new capacity at modest pricing. Program structure realignment also played a big part to fueling significant cost savings through stretching traditionally compressed primary layers into longer stretches (e.g., from primary \$5M to primary \$10M or primary \$25M) and thus eliminating expensive “buffer” layer capacity. London continued to be aggressive with deploying more competitively priced capacity (both non-natural catastrophes [non-nat cat]/natural catastrophes [nat cat]), resulting in larger expansion/replacement of incumbents. Even some accounts with nat cat exposure reaped the benefits of a “buyers’ market” either through affordable increased cat limits, decreased cat deductibles and/or reduced rates.

Valuations continued to be analyzed by carriers but nowhere near at the same levels as done previously. Typically, increasing real and business property values by an “inflationary trending factor” (+1% to +2% currently) is enough for underwriters to accept, with market pressure even resulting in some accounts having punitive valuation subjectivities modified (i.e., margin clause percentage increased) or removed completely.

Terms and conditions that were heavily restricted during past renewal cycles were somewhat relaxed, resulting in broader coverage afforded to insureds. Examples include moving coverage from a company policy form to a broker manuscript policy form, increased policy loss or coverage extension sublimits and removal of higher water damage deductibles to be aligned with the “all other perils” deductible.

Non-concurrencies in coverage that became more common at the height of the market in 2023 were largely eliminated.

Real Estate

2026 Outlook

Casualty

The current marketplace trends are anticipated to continue into the first half of 2026:

- Well-performing, favored real estate classes of business can anticipate relatively mild rate increases and consistent terms/conditions.
- Insureds with adverse loss history, problematic jurisdictions, high crime scores and more will continue to experience restricted coverage options and/or nonrenewals, with corrective upward rate pressure.
- Problematic jurisdictions or exposures from master programs at renewal will continue, particularly for New York and Georgia locations. Stand-alone placements with less favorable premium, higher deductibles and more adverse exclusions will follow.
- Specialized programs or RPG appetite will continue to narrow, with increased underwriting scrutiny and nonrenewing individual locations from renewals. Overall available tower limits will continue to be pressured.
- Favorable occupancy/well-performing insureds can anticipate single-digit rate increases, while more challenging real estate risks will remain in jeopardy of 15% rate increases or nonrenewals of primary or lead umbrellas.
- Continued pressure for insurer excess loss reserves due to medical inflation, increased legal and investigative costs, and growth in litigation awards and settlements, which will negatively impact rates.
- Labor shortages compounded with greater-than-normal marketing activity will continue. Expanded underwriting scrutiny results in additional applications and details requested from insureds, with primary pricing often not available with ample time to explore excess liability options a routine occurrence, particularly in the nonadmitted space. Providing timely, coherent and detailed submissions that tell a clear story of the risk will increase likelihood of a reasonable turnaround to quote.
- Insureds will continue to explore and quantify alternative structure options, inclusive of various retention thresholds and alternative risk transfer solutions (captives, buffer programs, second loss coverage, etc.) to ensure optimal results.

Property

The 2026 outlook for property-related lines of business continues to trend in a totally different direction from 2019 to 2023, despite large weather-related loss transfers absorbed by property carriers, including Hurricane Helene and Hurricane Milton. Early reports on January 1, 2026, reinsurance renewals indicate a continuation of premium decreases. Given the robustness of where the property marketplace is today, we fully expect the positivity outlined in the Real Estate H2 Summary to continue well into 2026.

As the property marketplace continues to garner further positive momentum, many insureds will be the benefactors of such healthy competition among underwriters, fueling dynamic changes to account rates and pricing, terms and conditions, and program structures not seen in recent history. Key reasons fueling such favorableness include:

- New capacity offered from new property carrier entrants (both direct and through managing general agents).
- Increased capacity from incumbent property carriers, including significantly expanded stamp capacity for many Lloyd's syndicates.
- Management pressure on underwriters to maintain/grow their book of business; such goals dictate downward pricing in order to secure renewal/new binding orders.
- Expansion of carrier account appetite, particularly traditionally tougher occupancies such as multifamily and hospitality.

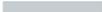
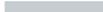
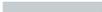
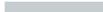
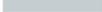
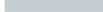
The above has allowed NFP's property brokers to restructure many programs to better streamline capacity and thereby improve overall costs. This has been achieved through stretching capacity (e.g., from primary \$5M to primary \$10M or \$25M and eliminating traditionally expensive "buffer" layers) and by replacing expensive capacity in layered programs through oversubscription (i.e., replacing expensive capacity with cheaper). We're anticipating this same trend to continue, particularly for Q1 and Q2 account renewals which are now subject to the changing marketplace.

Many insureds can expect to see corrections and/or improvement of terms and conditions that were heavily scrutinized and restricted over the past several account renewal cycles. Examples may include transitioning to a broad broker manuscript policy form from a carrier company form, eliminating or increasing punitive valuation clauses (i.e., margin clauses and/or scheduled limits), or increasing certain coverage extensions sublimits. Some underwriters are now even receptive to considering long-term agreements tied to loss activity for profitable accounts. This hasn't been seen in the property marketplace for quite some time, but it's something we expect to see increase throughout 2026 as a way for carriers to protect their renewal book of business. Note that real property valuation is still being flagged by underwriters but is not being audited to the same level as it has been in the past.

With continued moderation of rates expected to continue in 2025:

- Accounts written on a shared/layered basis should see **5% to 25% rate decreases**, assuming favorable loss history.
- Accounts written on a single-carrier basis should see **flat to 10% rate decreases**, assuming favorable loss history.
- Loss-challenged accounts will continue to be underwritten for profitability; thereby, **expect some rate volatility experience** to remain, particularly in Q1 into Q2.

Auto Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>7% to 15%</p>	<p>Real estate owner/operators generally do not have large fleets, other than hospitality venues where shuttle vans are often utilized. Due to continued poor loss performance across this line of business for most carriers, we began to see more exposure rating with much higher starting rates in more plaintiff-friendly jurisdictions and concentrated metropolitan centers. While renewal rates continue to increase between 7% to 15% for well-performing accounts, be aware of the potential effect on a specific client.</p>	 <p>7% to 15%</p>	<p>No change is anticipated for the next 12 months, as claims costs from auto claims continue to escalate. Insurers continue to focus on critical underwriting for shuttle vehicles providing 24/7 airport service and/or that transport guests to nearby attractions. Additional reliance on nonowned vehicles by companies have begun to exacerbate the problem and is causing carriers to look more closely at nonowned exposures and increase rates.</p>
 <p>Limits</p>		<p>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.</p>		<p>\$2M attachment requirements are becoming more common for larger fleets/larger classes of vehicle, particularly if the auto carrier is not offering a supporting umbrella. In those cases, 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 in an umbrella environment where layers continue to shrink.</p>
 <p>Retentions</p>		<p>Physical damage deductibles continued to increase, although not dramatically or universally. Retentions for automobile liability are not common for real estate clients due to light fleet exposure and limited vehicle usage. As an emerging item to be aware of, the growing number of electric vehicles in commercial use is causing concern among some carriers due to the significant additional expense in repairing them as opposed to traditional autos.</p>		<p>No widespread change expected in the next 12 months.</p>
 <p>Coverage</p>		<p>Automobile coverages are statutorily driven and generally standard, other than broadening endorsements that vary from insurer to insurer, which should be sought where possible and are generally offered at no additional premium.</p>		<p>Availability of reasonably broad automobile liability and physical damage coverages are anticipated to continue over the next 12 months.</p>
 <p>Carrier</p>		<p>Automobile coverage is best obtained in conjunction with other casualty lines for support. Stand-alone markets for monoline auto coverage, especially for clients with adverse loss experience, were not plentiful. Small regional carriers may still provide options through nonadmitted markets and/or traditional direct writers such as Progressive and State Farm. Additionally, the pressure on auto and the complications in getting a separate carrier to quote without higher primary limits made separating the auto undesirable in many cases.</p>		<p>Monoline auto markets will continue to be scarce due to the lack of additional casualty premium needed to balance the potential for severe losses.</p>
 <p>Claims</p>		<p>The automobile liability claims continued to present very 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 continued to contribute considerably to accidents, while guest shuttle vans continued to include the risk of multiple passenger injuries.</p>		<p>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.</p>

General Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>5% to 15%</p>	<p>At the close of H2 2025, office exposures were the most favorable, with rate increase under 10% likely. Retail has become less desirable, with rate increases of 10% 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 generally saw 15% to 20% rate increases, with nonrenewed accounts experiencing potentially much higher rates.</p>	 <p>5% to 15%</p>	<p>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, particularly in more plaintiff-friendly jurisdictions. Poorly performing risks and nonrenewed habitational accounts will continue to struggle to find feasible market options.</p>
 <p>Limits</p>		<p>\$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.</p>		<p>The only umbrella carriers requiring a \$2M/\$4M attachment are admitted insurers writing unsupported lead umbrellas. Nonadmitted excess liability insurers are not providing attractive credits for attaching at a \$2M/\$4M general liability limit, preferring instead to simply provide very short layers excess to limit exposure. A \$2M/\$4M option should be sought to bring all viable umbrella markets to the table, but not all insurers can offer these higher limits.</p>
 <p>Retentions</p>		<p>Significant casualty retentions for real estate were still utilized mainly by larger accounts with the financial ability and risk management wherewithal 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 habitational risks, especially in problematic jurisdictions or other problematic risk features.</p>		<p>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 now even retail occupancies. Smaller accounts see retentions of \$10,000 to \$25,000 becoming more common in the nonadmitted marketplace.</p>
 <p>Coverage</p>		<p>Adverse exclusions (communicable disease, abuse/molestation, assault/battery, New York labor law, human trafficking, habitability, etc.) remained widespread, particularly for habitational and hospitality risks. Negotiation to remove certain exclusions was possible only in highly competitive situations and/or for an increase in premium. Removal of geographically driven exclusions in some classes of business (e.g., New York City) were nearly impossible to achieve.</p>		<p>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).</p>
 <p>Carrier</p>		<p>Carriers did not significantly change appetite, seeking new business opportunities mainly in favorable office/retail/mixed-use occupancies. Best-in-class hospitality operations were also of interest for many carriers, but Class B establishments were not favored. Neither were any hotels with alternative use. Carriers for habitational risks continued to constrict, especially for the larger middle market size portfolios and older garden-style/frame construction. At this point, nonrenewed habitational accounts were nearly universally finding replacement coverage only in the nonadmitted marketplace.</p>		<p>While there has been some new carrier capacity entering the market, these tend to be very specific in appetite. Overall, primary market options have not significantly expanded and are not anticipated to do so soon, especially for the more difficult occupancies.</p>
 <p>Claims</p>		<p>General liability 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 as a generator of more claim frequency and the severity of payouts.</p>		<p>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.</p>

Workers' Compensation

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>Flat to 10%</p>	<p>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. However, at the end of H2 2025, pricing was not as soft as it was 12 months ago.</p>	 <p>Flat to 10%</p>	<p>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.</p>
 <p>Limits</p>		<p>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.</p>		<p>No changes foreseen.</p>
 <p>Retentions</p>		<p>Guaranteed-cost WC policies remained common in the real estate sector and widely accessible. Larger and 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, providing certainty in ultimate cost while providing potential for return premium during well-performing years.</p>		<p>No changes foreseen.</p>
 <p>Coverage</p>		<p>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 over the last 12 months.</p>		<p>No changes foreseen.</p>
 <p>Carrier</p>		<p>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 general liability performance.</p>		<p>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.</p>
 <p>Claims</p>		<p>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.</p>		<p>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.</p>

Umbrella Liability

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>10% to 25%</p>	<p>Umbrella pricing continued to rise, even for well-performing risks in favored occupancies. Nuclear verdicts, litigation tourism and financing high-profile claims all continued to drive upward pricing. A favorable renewal at the close of H2 2025 was in the 10% to 12% range, with 15% to 20% becoming typical. Market leverage was very constricted, with few options more competitive than the incumbent insurer, particularly for supported umbrellas.</p>	 <p>10% to 25%+</p>	<p>Competition for lead umbrella options of all classes will remain limited, with only a handful of admitted markets willing to consider unsupported umbrella. Insurer options for habitational risks are anticipated to remain extremely limited, with corresponding opportunistically high premiums. Many insurers are moving attachment points higher, depending on class of business, which restricts competition and lower pricing.</p>
 <p>Limits</p>		<p>\$10M lead umbrellas are most common in the admitted space for favorable occupancies, although we saw further constriction to \$5M in some cases. Habitational and poorly performing risks often needed three insurers to secure the first \$10M, which drives up the cost of the overall excess tower considerably. Virtually no insurer was willing to offer \$25M in capacity at any attachment point, which requires securing additional capacity and cost to the tower.</p>		<p>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.</p>
 <p>Retentions</p>		<p>Minimal standard retentions still applied. Carrier pricing was not impacted heavily with primary retention increases.</p>		<p>We expect current trends to continue for the next 12 months.</p>
 <p>Coverage</p>		<p>Most adverse exclusions were driven by occupancy, insured-specific loss history, crime scores, jurisdictional legal trends and more. Assault/battery and sexual abuse/molestation exclusions are widespread for habitational risks, and we saw more exclusions for firearms, discrimination, animals and habitability. Recently, mandatory human trafficking exclusions have been imposed on hospitality risks as a result of more of these claims being paid and/or alleged from higher-class hotels.</p>		<p>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 in many cases will remain mandatory.</p>
 <p>Carrier</p>		<p>Lead umbrella limits for new business opportunities are deployed very cautiously and usually only in conjunction with primary placements. Supported lead umbrella placements are nearly universally more competitive than unsupported carrier pricing. Risk purchasing groups continued to be exceedingly 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 general liability limits of \$2M/\$4M/\$2M and underlying automobile limits of \$2M combined single limit.</p>		<p>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.</p>
 <p>Claims</p>		<p>Three major claim trends contributed to current market pressures, affecting all of the metrics listed above:</p> <ol style="list-style-type: none"> 1) Social inflation, which drives rising claim payouts, loss ratios and insurance costs 2) Significant increase in claim severity, settlement awards and nuclear verdicts 3) Litigation financing 		<p>Claim trends will continue through the next 12 months, especially with the use of litigation financing.</p>

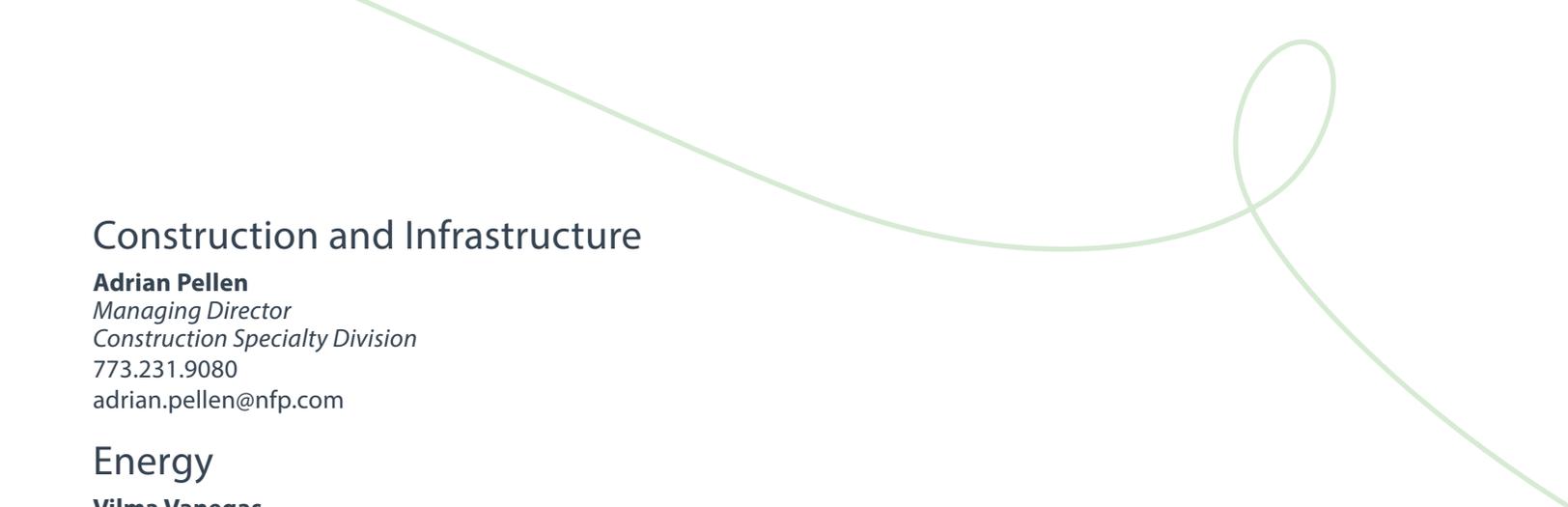
Property

Metrics	H2 2025 YOY Change	H2 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <p>Pricing</p>	 <p>-25% to -5%</p>	<p>Property renewal rates continued to soften through Q3 and Q4 2025, but challenges remain for high-risk geographical areas such as California and Florida, due to increased loss activity over time. A well-documented example is the Los Angeles wildfires, with industry loss estimates around \$30B. We expect those insureds with potential wildfire exposure to be subject to greater underwriting scrutiny and analysis, especially in habitational.</p> <p>Based upon renewal activity during Q3 2025, we saw the below high-level rate variables with renewal and new business placements:</p> <ul style="list-style-type: none"> -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. 	 <p>-30% to Flat</p>	<p>As the property marketplace continues to garner further positive momentum, many insureds will be the beneficiaries of such healthy competition among underwriters, who desire to retain existing business while driving growth for new business growth goals. This is fueling dynamic changes to account rates and pricing:</p> <ul style="list-style-type: none"> -30% to flat rate 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.
 <p>Limits</p>		<p>Due to many insureds experiencing renewal program cost savings, some have decided to reimplement higher program loss limits to better match their risk exposure that may have been lowered as a cost-saving measure in past renewals. Some have also reinstated higher nat cat loss sublimits – such as high-hazard flood – due to more affordable cat capacity funded by such savings. Some insureds also saw margin clause percentages increased (or added to a previously scheduled policy) or even removed completely.</p>		<p>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.</p>
 <p>Retentions</p>		<p>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.</p>		<p>We expect significant pressure to remain on underwriters to consider revising key program retentions to help protect their incumbent book of business. However, loss-sensitive accounts may still see pressure to increase (or maintain higher-than-market) retentions given carriers are still underwriting for profitability. Water damage and wind/hail deductibles will continue to be difficult to improve, even as pricing comes down.</p>
 <p>Coverage</p>		<p>Certain coverage extension sublimits that were previously reduced or excluded began to be increased or included, such as civil/military authority ingress/egress and service interruption. Some underwriters were also willing to adopt a broker manuscript policy form which traditionally affords broader coverage than a carrier policy form. Nonconcurrences that became more common at the height of the hard market have largely been eliminated.</p>		<p>Due to expected continued market moderation, we anticipate highly pressurized renewal environments to fuel coverage enhancements.</p>
 <p>Carrier</p>		<p>New traditional market entrants, as well as alternative risk transfer options and proprietary sidecar arrangements, saw significant and plentiful capacity availability. London, Bermuda and U.S. excess and surplus lines carriers continued aggressive marketing as an alternative to traditional domestic capacity. Single-peril carrier options, particularly around high-hazard flood, also increased, with some carriers exploring new revenue streams to help build new business revenue toward meeting aggressive growth goals.</p>		<p>We expect desirable and profitable accounts to be significantly overlined with capacity and carrier options for single, shared and layered placements. We're also anticipating accounts with significant nat cat exposure to potentially consider stand-alone peril placements (e.g., California earthquake) as another way to take advantage of a softening property marketplace. Carriers may also be more motivated to offer long-term agreements to protect their existing book of business.</p>
 <p>Claims</p>		<p>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 recent tornado/hailstorms.</p>		<p>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 recently implemented tariffs on such items as building materials and the subsequent effect on increased replacement cost(s).</p>

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