



# **2025 Midyear NFP Property and Casualty *Client Trend Report***



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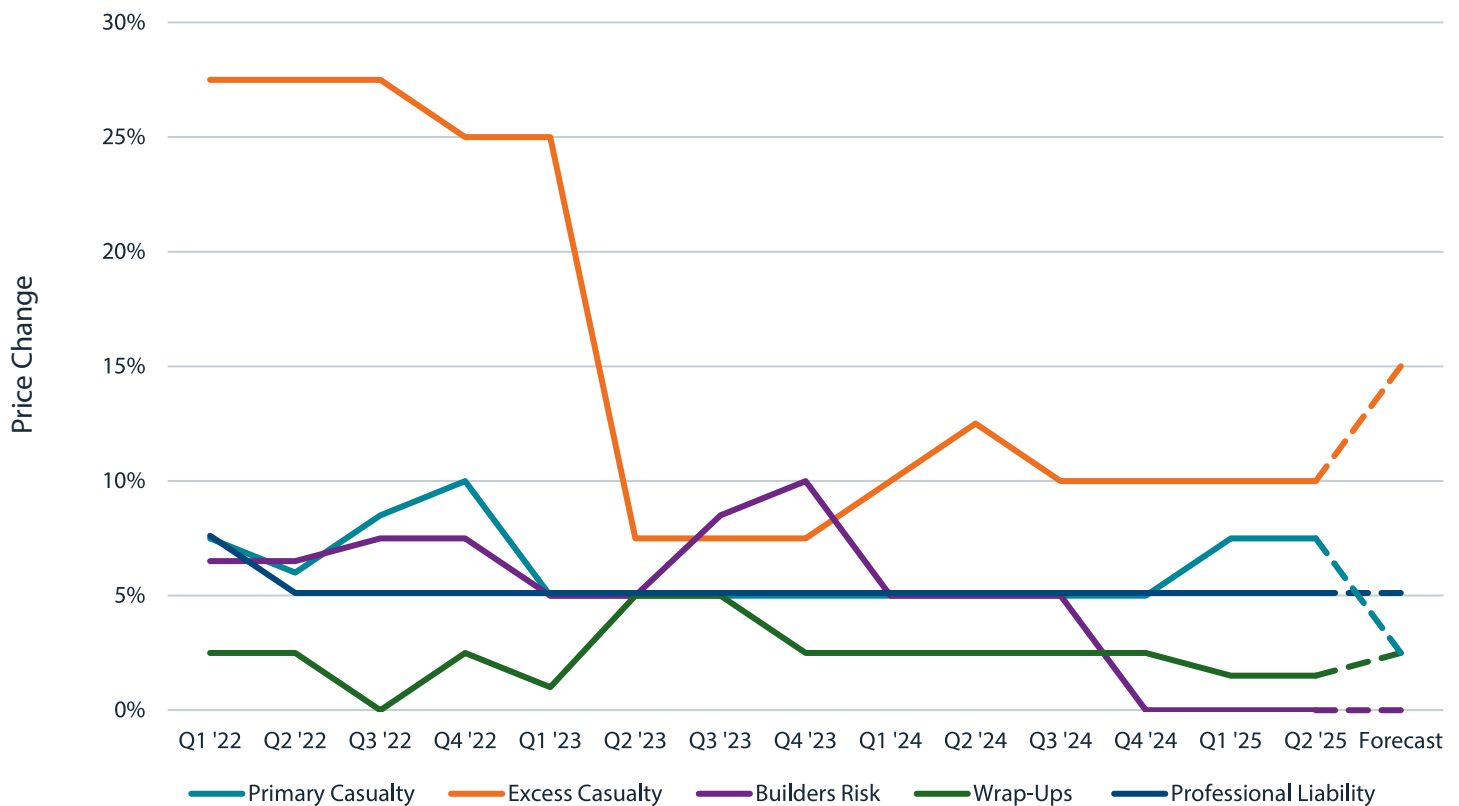
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# Construction and Infrastructure

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



# Construction and Infrastructure

## H1 Summary

Alongside inflation, rising material costs, labor shortages and ongoing supply chain disruptions, new labor market dynamics have emerged, including a decline in job openings, rising wages and a noticeable slowdown in hiring.

Despite these headwinds, the industry continues to undergo a major shift fueled by technology and artificial intelligence (AI). These innovations are enabling firms to streamline operations, enhance project planning and strengthen risk management, which is marking a shift toward a more data-driven and resilient construction landscape.

One sector at the forefront of this transformation is data centers. According to **Construction Dive**, private nonresidential construction spending has surged by 70% year over year, largely fueled by growth in this area. While some major players, such as Microsoft, have temporarily paused select projects, others like Amazon continue to expand, signaling sustained momentum in the data center space.

In response to both longstanding challenges and emerging opportunities, contractors are evolving their delivery strategies. According to **ENR**, design-build usage has grown by 11% over the past year, while construction management-at-risk has increased by 13.4%. These methods, while offering flexibility, also introduce greater risk. To mitigate this, firms are placing greater emphasis on preconstruction services to identify cost and scheduling issues early. Additionally, there is a growing focus on forming strategic partnerships with owners and subcontractors, recognizing that careful selection can significantly improve risk management and overall project outcomes.

Broader economic indicators reflect a mixed recap between the U.S. and Canada. Although U.S. construction starts declined by 13% in the first half of 2025 compared to the previous year, **ConstructConnect** projects a 1.2% increase in GDP for the year. In Canada, regional trends vary significantly. Alberta has seen construction starts fall by nearly 50%, while Atlantic provinces like New Brunswick and Newfoundland have experienced year-over-year increases of up to 170%, according to **ConstructConnect**. Across both the U.S. and Canada, infrastructure and institutional projects – particularly megaprojects valued at over \$1B – are emerging as key drivers of growth amid broader market fluctuations.



The North American construction and infrastructure market continues to face persistent challenges that have defined recent years:

**Inflation**

**Rising Material Costs**

**Labor Shortages**

**Ongoing Supply Chain Disruptions**



### Liability (Primary and Excess Casualty)

In the first half of 2025, the construction casualty insurance market faced upward pressure on both primary and excess rates, especially in high-litigation states and high-hazard sectors, driven by social inflation and nuclear verdicts. Carriers responded by increasing retentions, tightening policy terms, and shifting capacity toward the excess and surplus (E&S) and international markets, while policyholders leaned more on alternative risk transfer strategies. Limits generally rose for auto and excess layers due to claims severity and heightened risk exposure.

### Wrap-Ups

Commercial general liability (GL) pricing remains stable overall into Q2 2025, but New York and Florida continue to face rate pressure and capacity constraints — especially for for-sale residential projects. Retentions and limits are generally unchanged, though wrap-up programs in New York carry higher thresholds. Carriers are prioritizing tech-enabled, experienced contractors, while rising GL claims – driven by litigation trends – contrast with declining workers' compensation (WC) claim counts.

### Builder's Risk

Rate, capacity and coverage stability persist in the builder's risk space. There is a continued trend toward specialization amongst the carriers, with a marked increase in managing general agents (MGAs) and specialty programs targeting specific project types and sizes.

### Surety

In the U.S., we continued to see stability on the rate front with regards to best-in-class accounts. For higher-risk accounts, we see the markets looking to charge higher fees. Claim activity is on the rise in the U.S. and Canada, which will impact market appetite for challenging opportunities. With regards to Canada, surety rates and capacity remained stable. With the continued issues around labor shortages, tariffs and inflation, the industry will continue to see an increase in notices of default.

### Subcontractor Default Insurance

Claims activity frequency remains elevated, with an increase in sub insolvencies and subs struggling to maintain their schedule commitments due to labor constraints. Claims severity is on the uptick due to cost to replace electrical subs on fast-paced projects and due to overall labor demands for this trade. Pricing remained competitive for insureds with low loss history and favorable operational controls, however. Due to large mega projects, excess subcontractor default insurance (SDI) is becoming more common for addressing the need for larger limits, where overall carrier appetite to increase limits on base programs remains challenged.

## Construction Professional

The construction professional liability market is highly segmented by product line: architects and engineers (A&E), contractors professional liability, owners protective indemnity, real estate developers E&O and various segments including corporate programs and project-specific placements within each of these product lines. Although the market remains relatively stable overall, firms with below-average loss experience continue to face challenges when working on high-risk sectors such as multifamily residential projects, large-scale public infrastructure or high-liability disciplines like geotechnical and structural engineering. One specific trend during the first half of 2025 worth noting is the underwriting scrutiny around project-specific policy extensions. **Due to tightening underwriting responses, project-specific policy extensions have become difficult to obtain and challenging to negotiate, often resulting in onerous rates, terms and conditions.** We do not see this trend easing as pressure continues to be focused on project schedules, which often results in unrealistic timetables for project completion.

# Construction and Infrastructure H2 2025 Outlook

As we move through the remainder of 2025, the construction sector in both the United States and Canada is experiencing a moderate slowdown in new project starts. According to **ConstructConnect**, growth in the second half is expected to be driven by sectors such as data centers, as mentioned above, military construction and civil infrastructure. Below is our forecast for key insurance and surety products for the remainder of 2025, reflecting how macroeconomic shifts are expected to impact each product line:

## **Liability (Primary and Excess Casualty)**

The 2025 outlook for construction casualty insurance highlights continued pricing pressure in auto and excess lines due to social inflation and litigation trends, while GL and WC may benefit from a more competitive environment. Carriers are expected to push higher retentions, refine policy language and increasingly rely on alternative markets and alternative dispute resolution (ADR) to manage rising claims costs and emerging liability exposures.

## **Wrap-Ups**

Looking ahead, the construction casualty market continues to see pressure from social inflation, nuclear verdicts and rising medical costs, which are driving modest GL and excess rate increases and heightened retention levels — especially in litigious jurisdictions like New York and California. Primary capacity remains stable, though excess coverage is tightening, with selective deployment and increased quota shares. To navigate this environment, clients are advised to strengthen risk controls and underwriting submissions, revisit program structures and explore alternative risk strategies such as captives and wrap-ups.

## **Builder's Risk**

Bespoke wordings and endorsements targeting specific risks and project types will continue to gain traction. Healthy levels of carrier capacity, project starts and consistent loss performance is keeping the market stable, while tariffs, geopolitical tension and catastrophic weather events remain the biggest threats.

## **Surety**

Overall, the construction market is healthy, with gross construction spend on the rise and most contractor backlogs at all-time highs. We do have an increase in claim activity, but there is a clear difference in definition between what is a claim and what is a default. Projects are bigger, which translates into co-surety plays and more carriers looking to enter the market. We do not see much change in market appetite, claim activity or capacity changing in 2025.

## **Subcontractor Default Insurance**

With the continuation of mega projects into 2025 and 2026, we expect continued pressure on the market to provide excess SDI solutions to address the need for higher limits on large trade packages. Recent claims activity has caused some pressure on carriers' books, but within their expectations overall, we continue to expect an adjustment in pricing — although with ample market support, pricing has remained competitive.

## **Construction Professional**



















The outlook for 2025 across the spectrum of the construction professional market is generally optimistic, with continued stability across most product lines and segments. Firms or segments that have experienced challenge will likely continue to experience rate and possibly capacity challenges, and it might take more carriers to fill a placement because of these underwriting challenges. It is also anticipated that the challenges currently confronted from project-specific policy extensions will continue through 2025. A positive note is that we do expect to see some additional capacity entering the contractors professional and owners protective market, which will generally continue to put downward pressure on rates and result in continued rate stability.



# Primary Casualty (WC, GL, Auto)

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 15%	<p>The primary casualty market for construction in H1 2025 saw single-digit rate increases for GL and WC, except in high-litigation states like New York, where rates rose 5% to 10% due to litigation pressures. Auto liability experienced higher increases (5% to 15%), driven by social inflation and nuclear verdicts, particularly in states like New York, Texas and California.</p>	 0% to 5%	<p>Social inflation and litigation trends will continue to impact auto liability, whereas GL and WC will benefit from competitive market conditions.</p>
 <b>Limits</b>		<p>Limits for GL and WC remained stable, but auto liability limits increased due to rising claims severity.</p>		<p>Pressure from large jury verdicts will necessitate higher auto liability limits.</p>
 <b>Retentions</b>		<p>Carriers incentivized higher retentions, leading to increased use of captives and alternative risk transfer solutions.</p>		<p>Higher retentions will help manage rising claims costs and litigation risks.</p>
 <b>Coverage</b>		<p>Policy forms were under scrutiny, with carriers amending terms to address emerging risks such as additional insured provisions and contract privity. Technology-driven risk management is becoming crucial, and new liability risks from rising wage costs and modern methods of construction adoption require tailored coverage.</p>		<p>Carriers will continue to refine policy language to mitigate new liability exposures.</p>
 <b>Carrier</b>		<p>The E&amp;S market remained active, with new entrants targeting specific lines, leading to program bifurcation.</p>		<p>Increased competition may further specialize programs into distinct lines.</p>
 <b>Claims</b>		<p>Primary casualty claims continue to feel the impact of social inflation, rising litigation funding and nuclear verdicts, all of which are driving up claim severity and forcing reserve adjustments across open files. Carriers and third-party agents are responding by increasing oversight on large loss claims, accelerating structured settlement strategies and revisiting older reserves. In workers' compensation, medical inflation, delayed return-to-work cases and a rise in mental health claims are extending claim durations. Across all lines, claim complexity and adjuster workloads are straining operations and contributing to higher indemnity and expense leakage.</p>		<p>Large verdicts and third-party litigation funding will pose ongoing challenges to claims management. ADR adoption is expected to grow in the next 12 months, aligning with proactive risk management strategies. In H1 2025, ADR improved claim results in New York, with no major changes anticipated for the rest of the year.</p>

# Excess Casualty













Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 5% to 15%	Excess casualty rates for construction in H1 2025 increased, with high-hazard classes (e.g., steel erection, roofing) seeing double-digit hikes (10% to 20%+), while low to moderate hazard classes experienced 8% to 12% increases. Very large programs (\$50M+) saw flat premiums due to competitive pressures.	 10% to 20%	Social inflation and nuclear verdicts will drive rate hikes, though competition may stabilize rates for large programs.
 <b>Limits</b>		Higher limits were required, especially for contractors with large auto fleets or high-risk operations.		Rising claims severity will necessitate higher limits to cover exposures.
 <b>Retentions</b>		Carriers pushed for higher retentions to manage exposure to large losses.		Higher retentions will help mitigate the impact of social inflation and large verdicts.
 <b>Coverage</b>		Policy forms were tightened, with carriers adding exclusions and revising terms to address emerging risks.		Coverage will remain restrictive for high-risk sectors as carriers limit exposure.
 <b>Carrier</b>		Capacity was constrained for high-risk sectors, with Bermuda and London markets providing additional capacity.		International markets will play a larger role in supporting complex risks.
 <b>Claims</b>		Excess casualty claims remain under significant pressure as nuclear verdicts and social inflation continue to drive severity well beyond expected loss models. Carriers are reassessing reserve adequacy, especially on legacy claims approaching the excess layers, and are closely scrutinizing defense strategies, venue risk and settlement posture.		Claims trends will remain challenging. Litigation funding will continue to fuel prolonged disputes and push claim values higher, while excess carriers will continue to become more selective on attachment points and retentions. Increased coordination with primary layers will be essential as claim inflation accelerates and carriers look to control exposure before limits are breached.



# Builder's Risk

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -5% to 5%	Overall pricing trends remained stable in H1 2025. Traditional four-wall construction remains competitive, whereas technical projects – such as data centers, power gen and infrastructure – continue to command more conservative pricing. The residential frame market remains the most significant outlier in terms of rate reductions year over year.	 -5% to 5%	Anticipate continued lower rate targets for renewable and master programs throughout 2025. Tariff and geopolitical uncertainty have resulted a slowdown of new project starts, increasing competition among carriers for new business. Expect this to have a positive impact on pricing, keeping rates stable.
 <b>Limits</b>		Carriers are increasingly cautious about capacity deployment, often choosing to quota share risks above \$100M. There is downward pressure on coverage extensions, such as claims prep, testing and additional construction expenses. With that said, overall capacity in the marketplace remains robust, with global markets returning to the U.S. via MGAs and other alternative channels.		There appears to be a healthy balance of supply and demand in the marketplace. Impacts to the overall economy from tariffs and other geopolitical events, as well as increased catastrophe activity, remain the most significant risks.
 <b>Retentions</b>		Jobsite technology implementation, such as water flow sensors and jobsite safety cameras, continues to slow the increase in deductibles insureds are being asked to carry. Project complexity and the propensity of new technology to be installed in a range of project types – from residential buildings to data centers – is contributing to loss-cost inflation, pushing deductibles higher. Tariff uncertainty is also causing concern that even small claims may yield higher replacement costs.		New loss trends and overall project value increases – from tariffs and modern building specs – are likely to be the biggest driver in keeping deductibles high. Builders and developers who are willing to deploy jobsite technology are best positioned to keep deductibles stable or even introduce options to decrease deductibles from current levels.
 <b>Coverage</b>		Bespoke endorsements that seek to clarify – and in some cases restrict – coverage are becoming commonplace in the market. Wet works, piling works and renewable energy are just a few areas coverage language is being tightened. It's possible to negotiate these wordings, but it's important to engage in early dialogue with the carriers to help communicate what controls are in place to mitigate potential risk.		Expect carriers to improve coverage offerings as their experience with new project types grows. The rapid expansion of data centers, electric vehicle manufacturing and energy modernization projects left many U.S. carriers unfamiliar with all the associated risks of these projects. As that improves, so too shall the bespoke coverage available.
 <b>Carrier</b>		As individual carriers continue to become more specialized in certain project types, there's been a proliferation of MGAs that are hyper focused on subsections of the marketplace. This is giving greater market access to new capacity. While large, technical risks still have a select group of carriers willing to underwrite, projects below \$100M in value have a broad base of carrier participants.		MGAs and technology-enabled carriers will continue to reshape the way underwriting and pricing are done. Newer carriers are beginning to offer built-in credits for jobs that deploy technology to mitigate the most common types of claims (water damage, fire, theft, etc.), causing the larger global carriers to innovate the way they intake submissions, underwrite and price/deploy capacity.
 <b>Claims</b>		Claims activity has been high due to weather-related losses, theft and water damage. Delays in construction and labor shortages have also extended loss adjustment periods and inflated claim costs. Carriers are placing greater emphasis on pre-bind risk controls and claims history.		In addition to the emphasis on risk management technology solutions being implemented at job sites, expect to see AI having a major impact on the claims space. AI has the potential to change how claims are adjusted and to improve the accuracy, speed and costs associated with managing them. While this potential impact is currently unquantified, the volume of third-party tools available to assist in claims is difficult to ignore.

# Surety



Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>		<p>Pricing remains stable throughout North America for the best-in-class accounts. Conversely for higher-risk to marginal credit, we routinely see the markets seek flat rates and, in some cases, tack on additional terms and conditions to protect payment exposure (i.e., funds control, letter of credit, cash collateral).</p>		<p>We expect rates will continue to be stable over the next 12 months throughout North America. Loss activity and economic uncertainty will continue to be drivers in the pricing discussion. However, it will remain true that the stronger the balance sheet as compared to perceived risk, the better the client's pricing structure.</p>
 <b>Capacity</b>		<p>Throughout North America, construction spending is on the rise and remains robust. As commented below regarding carriers, there is no shortage to fulfill the placement need. Larger deal structures remain commonplace, with progressive design-build and best-value proposals being the standard in many of the RFPs. This lends itself to much larger projects and co- or multi-surety plays becoming the norm. We continue to see ample capacity to fill the demand moving forward.</p>		<p>We do not see a scenario where surety capacity is compromised or limited in the foreseeable future. While we will see some tightening in underwriting given the slight uptick in claims, the accounts with well-healed balance sheets will not have to look far to fill a capacity need. Players will continue to enter the surety space, and we expect to see more consolidation, especially in Canada.</p>
 <b>Carrier</b>		<p>Consistent with our messaging throughout the last several reporting periods, there remains an abundance of carriers in the surety marketplace – with rumors of a couple of new additions considering the space. Managing general agents and specialized surety markets, are the answer for some, but strong demand for true program business will remain the norm.</p>		<p>We do not expect any significant displacement of the top carriers across North America. However, as additional industries in Canada continue to accept bonding for obligations which previously favored other forms of security, we do expect some new carriers to continue entering the surety marketplace.</p>
 <b>Claims</b>		<p>Claim activity is certainly on the rise. We have met with senior leaders of various surety markets who have recently gone through their reinsurance renewal or who are in the beginning stages of said renewal — and many have commented on increased claim activity, resulting in a tightening of terms and conditions. Surety Association results prove that some markets are taking on water, more so than their competitors. With that said, the surety product line remains an overwhelmingly profitable segment of the offerings carriers provide, and we remain confident in the overall performance of the industry.</p>		<p>We believe frequency and severity of claim activity will remain constant in 2025 into 2026. While total construction spending has been growing, the industry is facing headwinds regarding economic uncertainty, which may impact planned expenditures. This will no doubt have a trickle-down impact on the surety industry and the users of surety credit.</p>



# Subcontractor Default Insurance

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 Flat	<p>Pricing remains stable and competitive overall for highly regarded carriers. The market has benefited from a consistent set of carriers in the marketplace and overall program stability. Optio's pricing is up slightly since they updated their syndicate panel and price model last year. Each insured's program pricing reflected their own loss history, program requirements (loss limits, deductible levels, etc.) and risk factors such as how the general contractor (GC) prequalified their subs and other operational controls.</p>	 0% to 5%	<p>We expect pricing to remain reasonably stable, though with the potential for slight increases as claims remain on an uptick across carriers. Inflationary pressure on material and equipment costs in the construction industry has also led to higher claim costs. 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.</p>
 <b>Limits</b>		<p>Loss limits remained stable overall, with the seven primary carriers in the U.S. offering \$50M single and \$150M aggregate limits at a minimum, with AXA XL able to offer \$75M/\$225M and Liberty offering \$100M/\$300M on the higher end. Excess SDI limits are becoming 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 are also an option for programs with smaller limits.</p>		<p>Quota share coverage has been 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>
 <b>Retentions</b>		<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. Larger program deductibles can increase to \$2M, \$5M, \$10M or even higher. High revenue GCs with very large SDI enrollment volumes continue to bet on themselves and take higher retentions, since there is more upside to 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.</p>
 <b>Coverage</b>		<p>No recent changes to carrier forms since last quarter, though some carriers have updated their forms over the past few years. Market perception is there has been a tightening of coverage. The market remains concerned about recent carrier action regarding enforcement of their "claw-back" provisions within their policy. A recent court case ruled that a carrier was within their rights to enforce this provision where some of the costs claimed by the GC were found in litigation to not have been proven to be "caused by the default." In these cases, the carrier demanded the GC refund those portions of the claim.</p>		<p>AXA XL has communicated they intend on updating their policy form, and we expect that to roll out within the next three to 12 months. It would mostly bring them more in line with competitors' more-recent form updates. Berkshire Hathaway is considering offering an excess follow form as well, though timing of this offering remains uncertain.</p>
 <b>Carrier</b>		<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, five (Arch, AXA XL, Liberty and Optio) are willing to write coverage, but there isn't a very large market (15 +/- buyers) to support programs with Arch and Hudson currently. Vantage will write on a nonadmitted basis, but the market isn't currently as interested in that option.</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.</p>
 <b>Claims</b>		<p>SDI claims continue to rise, with electrical subcontractor insolvencies leading the trend. Large potential limit losses are more frequent than in prior years, putting added pressure on program capacity. General contractors should reevaluate the adequacy of SDI limits relative to current enrollment exposure, as financially unstable subcontractors remain a key driver of claim activity.</p>		<p>While the general inflationary pressures in the material, equipment and labor markets have recently shown signs of subsiding, the impacts they've had on subs' balance sheets and overall profitability will likely continue to stress subcontractors, which will continue to lead to insolvencies. Additionally, larger project and subcontract values will further strain cash flows, which can also lead to insolvencies and defaults.</p>

# Construction Professional

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 10%	Rate and pricing stability will continue across most product lines and segments. Rate increases will be felt by individual firms based on their individual risk and underwriting profiles.	 0% to 10%	The 12-month forecast for pricing across the construction professional market is general stability with any rate increases to be based on underwriting challenges presented by individual firms with below-average underwriting profiles. For firms with challenging underwriting profiles, presenting proactive and detailed lessons learned during the renewal process will be valuable in mitigating rate change impacts. We do anticipate new capacity to enter the contractors professional and owners protective market.
 <b>Limits</b>		Limit and capacity availability has remained generally stable through the first half of 2025. Firms with poor loss experience face capacity challenges. Larger firms with poor loss history often need multiple carriers to provide the higher coverage limits required. Additionally, some project-specific placements also experience capacity limitations. We are starting to hear about some markets in the contractors professional market cut back on per-account capacity deployment.		Despite additional capacity entering the contractors professional market, we anticipate the next 12 months' capacity to remain flat as some markets will reduce limit deployment on a per-risk basis.
 <b>Retentions</b>		Retention levels were generally stable through H1 2025. Changes in retention levels only changed based on individual firm risk profiles and underwriting characteristics.		We anticipate trends relating to retentions we saw for the first half of 2025 to remain consistent over the next 12 months. Individual firm risk profiles and underwriting characteristics will dictate any movement in retention levels.
 <b>Coverage</b>		Coverages remained consistent across the entire spectrum of the construction professional marketplace through H1 2025. While not offered by all markets, we are seeing an increase in the number of A&E markets quoting rectification as a standard coverage offering in annually renewable corporate policies.		Over the next 12 months we do anticipate coverages by and large to remain stable and consistent. We will continue to monitor the entire construction professional market (A&E and contractors) for increased use of PFAS exclusions. We will monitor new contractors professional markets for coverage innovations.
 <b>Carrier</b>		H1 2025 was a stable period in carrier participation for the construction professional marketplace.		We will see at least two new contractors professional markets enter the market in 2025.
 <b>Claims</b>		Rectification claims are rising, fueled by project delays linked to alleged design errors on large public infrastructure jobs. Architects and engineers face growing exposure, often pulled into global settlements with payouts well above historical norms, including nuclear verdicts.		Over the next 12 months, rectification will remain a key tool for addressing design errors uncovered during construction. Delay claims and design-to-budget disputes are expected to persist, driven by lingering supply chain issues and material cost pressures.



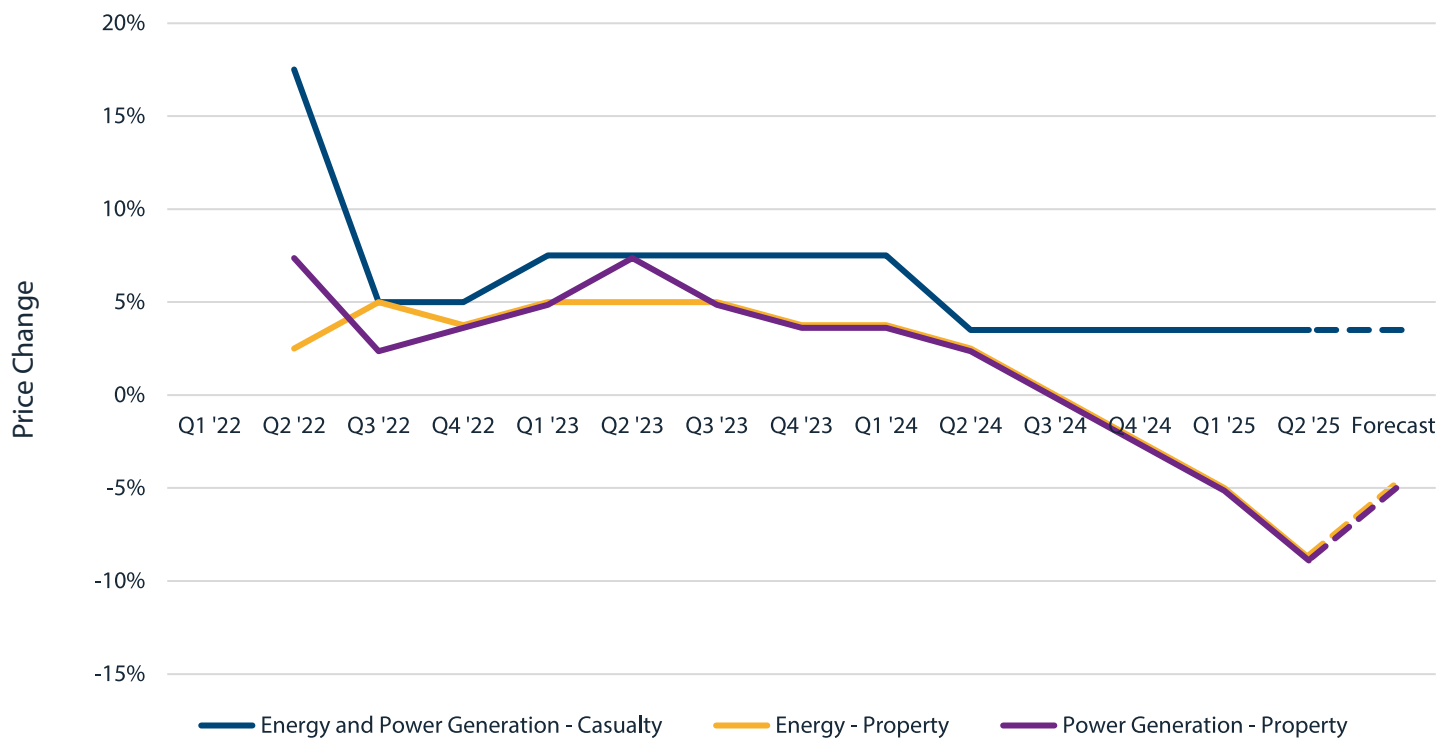
# Wrap-Ups (OCIP and CCIP)

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 3%	<p>Primary and excess GL rates for commercial risks remain stable, with industry-wide pricing holding steady through Q2 2025. However, New York continues to pose challenges, with GL rate increases of 5% or more. The for-sale residential sector remains difficult due to both elevated pricing and limited capacity, particularly in Florida, where market appetite is constrained. General contractors leveraging advanced technology platforms may be eligible for rate reductions compared to those not utilizing such tools.</p>	 0% to 5%	<p>Primary General Liability (GL) rates are expected to remain stable, with flat to modest increases anticipated. Workers' compensation injury frequency is declining through use of wearable tech, but WC rates are climbing due to medical inflation. Excess liability rates are experiencing upward pressure driven by social inflation and an increase in nuclear verdicts. The growing prevalence of third-party litigation funding is also contributing to market strain—particularly in plaintiff-friendly jurisdictions such as Georgia, California, and Pennsylvania.</p>
 <b>Limits</b>		<p>Limits for both primary and excess layers on commercial projects remain unchanged this quarter. New York and Florida still pose challenges for large or for-sale residential projects. Excess tower attachment points have not changed, and quota share arrangements remain prevalent in projects with high-limit towers and residential construction.</p>		<p>Primary capacity is expected to remain flat across most jurisdictions this year. New York remains a particularly challenging market due to labor law exposures affecting both primary and lead excess layers. The significant volume of ongoing and planned mega projects in the state is expected to further strain this already difficult environment. Excess capacity continues to be deployed selectively—especially in wood frame construction—driving an increase in quota share arrangements.</p>
 <b>Retentions</b>		<p>The market continues to offer stable retention options. For most GL-only programs, retentions typically range from \$25,000 to \$100,000. Programs that combine WC and GL generally see retentions between \$250,000 and \$750,000. For residential GL-only programs, the usual retention range is \$50,000 to \$100,000. In New York, two-line wrap-ups have notably higher retentions, with WC retentions from \$500,000 to \$1M and GL retentions from \$3M to \$10M.</p>		<p>Retentions are projected to stay in line with recent levels overall. However, for larger projects in more challenging jurisdictions, there is upward pressure on retentions, with markets increasingly seeking higher thresholds in the \$500,000 to \$1M range. This shift is being driven by inflation, the impact of nuclear verdicts, and broader economic uncertainty. In response, more sophisticated clients are advised to explore alternative risk solutions such as captives to better manage these evolving exposures.</p>
 <b>Coverage</b>		<p>The construction insurance landscape remains challenging in several key states – particularly Florida, California, Colorado and Texas – where wood-frame and habitational projects face heightened underwriting scrutiny. In Florida, owner/general contractor programs are largely unavailable or severely restricted, leaving developers to rely primarily on contractual risk transfer mechanisms or wrap-up insurance solutions. Across the board, carriers are prioritizing projects led by experienced general contractors or construction managers with a demonstrated history of robust loss control and quality control programs.</p>		<p>Coverage offerings are expected to remain stable throughout 2025. However, markets continue to emphasize the need for advanced lead time and comprehensive submission packages to secure favorable terms and conditions. For larger projects—particularly those involving two-line wrap-up programs—risk engineering underwriting presentations are now a standard requirement. Additionally, underwriters are placing increased scrutiny on contractual language, especially regarding additional insured and indemnification provisions.</p>
 <b>Carrier</b>		<p>A notable development in the New York construction insurance space is the recent launch of a GL wrap-up program by Tradesman, specifically targeting projects valued at \$250M or more. This offering fills a significant gap in the market, as no other carriers are currently providing similar solutions. The product is gaining traction and is being closely watched by industry stakeholders. Meanwhile, direct markets continue to avoid for-sale residential projects for GL coverage, though they may consider WC only. The E&amp;S markets are open to evaluating these projects on a single-project basis, but their appetite remains limited and selective.</p>		<p>Large and mega projects with high excess towers are seeing more participation from London and Bermuda. There are now twenty markets writing casualty in Bermuda. In New York, there will be challenges from a capacity standpoint due to the concentration of large infrastructure projects. However, with Tradesman's new GL wrap-up in New York, we could see the development of new programs to compete with Tradesman's product.</p>
 <b>Claims</b>		<p>Nationally, GL claims continue to rise in frequency, defense costs and settlement values. In contrast, WC claims present a more positive trend, with claim counts declining by up to 5% in the first half of the year. Nuclear verdicts remain a significant driver of adverse outcomes, compounded by social, economic and medical inflation. In New York, ADR programs are showing encouraging results, and interest in ADR is gaining momentum in other jurisdictions as well.</p>		<p>Over the next 12 months, completed operations claims are expected to rise, driven by latent defects and resulting property damage surfacing post-completion. Nuclear verdicts continue to inflate exposures, adding volatility and making long-tail forecasting more difficult. Clients should reassess project limits, confirm coverage aligns with today's legal climate, and strengthen risk transfer strategies for long-term exposures.</p>



# Energy

*Energy and Power Generation*



# Energy

## H1 Summary

### Property

In the energy sector, downstream property markets continue to benefit from a softening trend, following years of elevated rates. Insurers are increasingly open to modest rate reductions, particularly for well-engineered, loss-free accounts. This shift is driven by strong sector profitability in 2023 and a relatively stable 2024, which have encouraged greater competition and underwriting flexibility. Conversely, midstream energy segments remain under pricing pressure, especially for traditional fossil fuel operations like coal and gas. Capacity constraints persist, though some insurers are cautiously expanding their participation in high-quality risks to meet premium targets.

Environmental, social, and governance factors, along with evolving regulatory frameworks, continue to shape underwriting strategies across all segments. These considerations are prompting a flight to quality, with insurers favoring risks that align with sustainability goals and demonstrate robust risk management practices.

The downstream market is showing increased variability in outcomes, largely influenced by risk quality and premium volume. Insurers are offering larger lines and competitive terms to retain preferred risks and defend market share against new entrants. This is especially evident in oversubscribed programs, where established carriers are aggressively pursuing renewals.

As the reinsurance treaty renewal season approaches, the sector is closely monitoring the impact of early year losses, which have already exceeded 2024's total. While this could temper the pace of market softening, competitive dynamics are expected to limit the extent to which reinsurance cost increases are passed on to clients.

### Casualty

The energy casualty market continues to seek increases, but at significantly lower levels than in prior years. As of mid-2025, primary general liability programs are generally seeing rate increases around 5%, while auto liability remains the standout line of pressure – especially for large fleets – driving increases of 8% to 15%, with umbrella/excess liability seeing up to mid-teens single-digit hikes. These upward pressures are fueled by persistent social inflation, including nuclear verdicts (>\$10M awards), which grew in both frequency and size — 2024 saw a record 135 jury awards over \$10M, totaling \$31B. Globally, casualty rates rose approximately 4% in Q1 2025, led by about 8% increases in U.S. casualty and auto lines.

Financially, the industry outlook has improved: the projected combined ratio for 2024 is around 98.5%, significantly better than 103% in 2023 — a trend carriers attribute to disciplined pricing and underwriting that began in the previous hard market. As a result, underwriters continue to push for 2% to 5% increases on clean casualty accounts, with 5% to 10% lifts on auto-driven accounts, even loss-free ones, to bolster profitability. Capacity has mostly held steady, although reinsurers and excess markets – particularly for auto and transportation – have tightened, prompting more placement in London/Bermuda and demand for higher attachments, telematics usage and alternative structures like captives.

Casualty insurance for oilfield service contractors has remained relatively stable through the first half of the year, though underwriters continue to scrutinize accounts with higher severity exposure, such as those involving downhole operations, high-pressure equipment or motor carrier fleets. Rates have generally flattened compared to prior years, but loss experience and contractual liability assumptions are key drivers in renewal negotiations. Markets are still cautious, particularly around auto liability, with continued pressure on insureds to demonstrate strong safety programs and claims management practices.

Excess casualty remains firmly entrenched in a hard market, with underwriters seeking rate increases generally between 10% to 15%, and sometimes even higher for high-profile exposures. This reflects continued concern over social inflation, frequent almost-nuclear jury verdicts and emerging liabilities such as product catastrophes and PFAS/ environmental exposures. While theoretical excess capacity still exceeds \$1B, underwriters on excess towers are increasingly capping practical placements at around \$800M, particularly in lead umbrella and high attachment layers. The market also continues to impose new exclusions and higher attachment points, especially for products, auto and environmental risks. Overall, capacity remains available, but terms are tight and pricing is firm – driven by underwriting discipline and loss trends – and likely to persist through the rest of 2025.

### **Upstream**

The upstream oil and gas insurance market remained favorable for buyers through the first half of 2025. Strong capacity, competitive underwriting and a lack of major losses have contributed to softening conditions, particularly for clean, loss-free accounts. Offshore exposures are seeing modest rate reductions, and underwriters are increasingly willing to offer broader terms or enhanced capacity to secure desirable business. However, underwriting discipline remains in place for complex risks, with subsea construction, high-risk drilling and certain construction classes still proving difficult to place. In casualty lines, general liability rates are holding steady or increasing slightly depending on loss experience, while auto liability and umbrella coverage continue to see upward pressure due to rising claims frequency and severity — especially in oilfield services. New market entrants, particularly managing general agents, are adding competition and driving innovation in casualty underwriting. Overall, the first half of 2025 has seen a continuation of stable to softening market conditions for upstream energy, with carriers actively competing for clean risks while maintaining caution on higher hazard exposures.

### **Midstream**

Through the first half of 2025, the midstream insurance market has shifted from modest rate increases (typically 2.5% to 10% in early 2024) to a clear softening trend, with premium reductions of about 5% to 10% for clean, simple infrastructure programs. This is largely driven by excess capacity, healthy underwriting discipline and favorable loss performance, particularly as catastrophic losses from prior years recede. New midstream capacity is supporting this buyer's market, though complex or regulatory-heavy pipelines (e.g., California or Northeast projects) continue to face underwriting scrutiny. Trends like parametric weather solutions, higher deductibles in hail/wind-exposed facilities and deeper risk-engineering requirements are now standard for securing competitive terms.

### **Downstream**

Downstream insurance is also softening, benefiting from benign operational and catastrophe loss experience in late 2024, though early 2025 refinery losses – totaling over USD 1.5B – have slowed, but not reversed, the trend. Rates in property business are generally down 2.5% to 7.5%, driven by strong capacity and competition, even as underwriters maintain discipline around accurate business interruption/property valuations and environmental risk. For casualty lines, rate relief is more selective: while clean liabilities see flat to small improvements, auto and umbrella lines remain under pressure with modest increases due to frequency/severity shifts. Finance-backed digital managing general agents (MGAs) excess and surplus platforms who have lured significant underwriting talent are expanding available capacity in casualty towers.

### **Oilfield Services**

The oilfield services insurance market remains firm and increasingly challenging in H1 2025, particularly in casualty and auto liability lines. A sustained pickup in loss frequency and severity – especially workplace injuries and third-party suits – is exerting upward pressure on casualty pricing, with auto liability up roughly 8% to 15%, lead umbrella up 5% to 10% and general liability softening only modestly (flat to +5%). Heavy fleets continue to draw intense scrutiny from underwriters, especially in high-frequency regions like the Permian Basin and South Texas. While capacity has held steady across primary and excess casualty towers, there's a clear shift toward preferred risks, with carriers pulling back on accounts displaying large fleets or past loss profiles. Primary rate increases are also visible in workers' compensation (flat to +2%) and umbrella/excess liability (up +5 to 10%). Despite this, stability in capacity provision – especially from new MGAs and enhanced reinsurance treaties – raises optimism that clean, well-managed risks may still achieve competitive placements. Overall, while the broader energy market shows signs of softening, oilfield services remains under pressure, with carriers applying tighter underwriting discipline on complex and fleet-heavy accounts.





# Power Generation

## H1 Summary

### Property

The onshore renewables insurance market entered 2024 facing continued headwinds from severe weather-related losses in the prior year. While premium rates have begun to stabilize, capacity remains constrained, particularly for assets exposed to secondary catastrophic perils. Insurers are maintaining a cautious approach, with underwriting discipline still high. This environment has led to a growing interest in simplified quota share structures, which offer more flexibility and ease of placement for complex renewable energy risks.

### Casualty

The power generation market remains stable and continues to mirror the energy market in rate increases. The power generation market is experiencing the same claim trends as the energy and general casualty market. General liability rate increase are remaining 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.

# Energy

## H2 2025 Outlook

### Property

Looking ahead to the second half of 2025, insurers are expected to maintain a cautious but increasingly strategic approach. Underwriters are focusing on risk differentiation, favoring projects with strong loss control measures, proven performance and alignment with sustainability goals. While capacity constraints persist in certain segments, especially thermal and solar, growing confidence in technologies like battery energy storage is encouraging more competitive pricing. As the market continues to evolve, collaboration between insurers, reinsurers and insureds will be key to navigating volatility and supporting the long-term growth of the renewables sector.

The global property and casualty reinsurance market is expected to maintain generally stable pricing and conditions through the remainder of 2025. While the pricing cycle has likely passed its peak, reinsurers continue to benefit from strong profitability, robust capital positions and disciplined underwriting. The balance of supply and demand remains healthy, supported by steady capital inflows and improved investment income, helping to moderate any significant rate volatility. However, reinsurers remain cautious due to persistent challenges such as elevated natural catastrophe (nat cat) losses, social inflation and rising claims costs. As catastrophe activity continues to influence treaty negotiations, reinsurers are adopting more granular underwriting strategies, emphasizing portfolio diversification and risk differentiation. The sustained entry of new players and the expansion of existing markets are intensifying competition, particularly for lead positions on key treaties. This competitive dynamic is driving innovation in pricing models and product structures, with many reinsurers exploring tailored solutions to retain relevance and profitability in a maturing market.

### Casualty

As the energy sector moves into the second half of 2025, the casualty insurance market remains firm but stable, with underwriting discipline showing uncommon persistence. Primary liability capacity has remained steady, but carriers are prioritizing underwriting profitability over premium growth. Unlike previous soft cycles, underwriters appear willing to walk away from business that doesn't meet pricing or risk standards — a level of restraint not consistently seen in recent memory. Rate increases for general liability are expected to hold around 2% to 5%, but the renewal experience is increasingly being shaped by quality of submission, timing and differentiation. 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 2024 and into 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, even if theoretical capacity exceeds \$1B. 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, and H2 placements will likely require strong risk narratives and clear corrective actions on any adverse loss history.

# Power Generation H2 2025 Outlook

## Property

In the first half of 2024, the conventional power insurance market experienced a notable influx of new capacity, driven by both new entrants and a shift in appetite among existing renewable energy markets. A significant trend is the expansion of traditionally renewables-only markets into the “energy transition” segment, now supporting technologies like natural gas. The London market has seen considerable movement, creating a dynamic and evolving underwriting landscape.

On the claims side, conventional power accounts continue to experience a steady frequency of attritional losses. While 2024 trends are still emerging, historical data shows a spike in large losses in 2022, followed by a reduction in frequency but an increase in average loss size in 2023. Overall, loss values have returned to levels seen in 2020 and 2021. This raises questions about whether the increase in average loss size is due to inflation and supply chain disruptions, or if the 2022 spike was an outlier potentially influenced by post-COVID-19 operational challenges. As more data becomes available, underwriters are closely monitoring these patterns to refine pricing and risk selection strategies.

## Casualty

We expect underwriters to continue their disciplined approach and expect rates to increase by low 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, flat to single-digit reductions are possible.

### **The general liability market will see increases in the 2% to 5% range.**



















The excess liability market will be seeking increases on a basis similar to the general liability 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.

# Energy and Power Generation – Property

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -12.5% to -5%	<p>Insurance pricing in the energy sector during the second quarter of 2025 continues to exhibit moderate softening, particularly for well-engineered, loss-free accounts and mature technologies across upstream, midstream and renewables segments. Increased market competition, favorable claims trends and expanded insurer capacity are contributing to more favorable terms for many insureds.</p> <p>However, underwriting discipline remains strong, especially for accounts with nat cat exposures or those utilizing emerging or unproven technologies. In these cases, pricing is holding steady or increasing selectively, particularly in Tier 3 property risks where loss history and exposure severity remain key concerns.</p>	 -10% to Flat	<p>Over the next 12 months, the energy insurance market is expected to maintain a generally soft tone across most segments, particularly for loss-free accounts and established technologies in upstream, midstream and renewable energy. Increased insurer capacity, favorable treaty renewals, and a competitive underwriting environment are likely to continue exerting downward pressure on rates for well-performing risks.</p> <p>Emerging technologies – such as hydrogen, carbon capture and floating offshore wind – will continue to face underwriting scrutiny. While insurer appetite is growing, pricing for these risks is expected to remain firm or increase modestly due to limited loss history and evolving risk profiles.</p>
 <b>Limits</b>		<p>The market currently has ample capacity, enabling clients to secure higher coverage limits. Over the next renewal cycles, this trend is expected to continue, with competitive conditions persisting in most segments, though underwriting scrutiny may increase for high-risk exposures.</p>		<p>The insurance market currently offers strong capacity, which means many policyholders are able to secure higher coverage limits at favorable terms. Looking ahead over the next 12 months, this trend is expected to continue, with competitive pricing and broad availability across most lines of coverage. However, insurers may begin to apply more detailed underwriting reviews, especially for businesses or operations considered higher risk. To stay ahead, insureds should be prepared to provide thorough risk information and demonstrate strong risk management practices.</p>
 <b>Retentions</b>		<p>While deductibles for most perils have largely stabilized, natural catastrophe deductibles are beginning to face upward pressure. This shift is driven by a noticeable rise in both the frequency and severity of catastrophic events such as hurricanes, wildfires and floods. As insurers absorb higher loss costs, they are increasingly adjusting deductible structures – particularly in high-exposure regions – to manage their risk.</p>		<p>Looking ahead, nat cat deductibles are expected to come under continued pressure over the next 12 months. While deductibles for most other perils have stabilized, the increasing frequency and severity of catastrophic events – such as hurricanes, wildfires, and severe convective storms – are prompting insurers to reassess their risk exposure. As a result, insureds may see higher catastrophe deductibles, particularly in regions with elevated loss activity or limited mitigation measures.</p>
 <b>Coverage</b>		<p>Insurance carrier capacity has expanded across several key lines, driven by new market entrants and increased appetite from existing players. This growth has translated into more favorable terms and higher available limits for insureds, with improvements continuing into the first quarter of 2025. While capacity remains strong, underwriting discipline is expected to persist, particularly for high-risk or catastrophe-exposed accounts.</p>		<p>Over the next 12 months, insurance carrier capacity is expected to remain strong, supported by new market entrants and continued appetite from established insurers. This sustained capacity should help maintain favorable terms and higher limits for insureds. However, as carriers balance growth with profitability, underwriting discipline will likely remain firm, especially for complex or higher-risk accounts.</p>
 <b>Carrier</b>		<p>The industry continues to experience a shift in talent, with professionals moving between firms and new market entrants bringing fresh perspectives and innovative approaches. These new players are expected to intensify competition for clients, driving firms to differentiate themselves through enhanced services, competitive pricing and specialized expertise.</p>		<p>Experienced underwriters transitioning to new companies are likely to make an impact during renewal seasons as they work to expand their portfolios. Over the next 12 months, carriers are expected to focus on responsible growth, balancing book expansion with prudent risk management strategies.</p>
 <b>Claims</b>		<p>The power market has seen relatively low loss activity in 2024 so far, contributing to a stable claims environment and favorable market conditions, with large loss values returning to historical norms after volatility in prior years. However, natural catastrophes remain a key uncertainty, as the ongoing risk of hurricanes, wildfires and other extreme weather events continues to pose a significant threat to future loss trends and market stability.</p>		<p>The second half of the year introduces uncertainty, particularly with the peak of hurricane season approaching, posing a potential disruptor to current favorable conditions and requiring insurers and insureds alike to remain vigilant and prepared for volatility.</p>



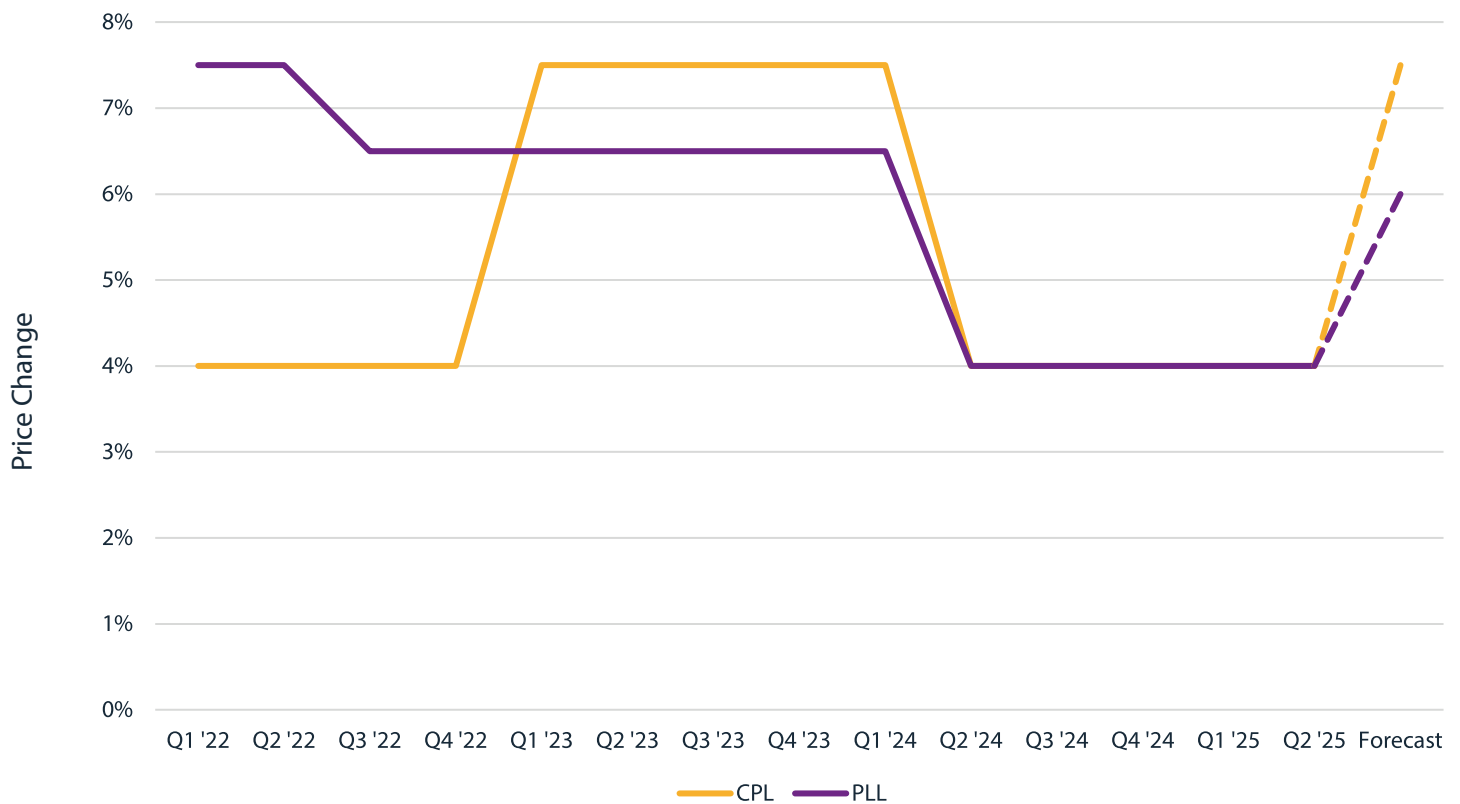
# Energy and Power Generation – Casualty

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 2% to 5%	Single-digit increases were the norm. Underwriters continue to cite inflationary pressure on claims and underwriting expenses. Auto liability continues to be a difficult placement, with increases in the low double digits for clean accounts and higher for loss-prone accounts.	 2% to 5%	The primary casualty market will continue in the same mode for the foreseeable future. Limits up to \$100M will follow the primary casualty pricing approach. Excess liability pricing for limits above \$100M will trend in the 5% range, assuming no large losses. Auto liability is still difficult, with increases at 10% or more.
 <b>Limits</b>		No material change in market capacity.		Capacity is expected to be stable for the next 12 months. Some markets are trying to test the market with smaller umbrella capacity. It remains to be seen if this will drive price increases that underwriters are hoping for.
 <b>Retentions</b>		Upward pressure to increase retentions continues to avoid “swapping dollars.” Excess insurers are requiring higher auto limits. The buffer auto market is limited, and pricing reflects the lack of competition.		Inflation and large jury verdicts continue to be the main factors for increasing retentions.
 <b>Coverage</b>		Underwriters continue to focus on climate and other long-tailed exposures with the goal of avoiding exposures that will duplicate the problems of asbestos, lead and pollution. Wildfire exclusions or sublimiting the policy limit available for wildfire is becoming more widespread in the market. PFAS exclusions are the market norm.		Markets will continue the focus on excluding those exposures which are viewed as being potentially catastrophic.
 <b>Carrier</b>		Market is stable with the exception for oilfield contractors.		The market is stable and should continue as such.
 <b>Claims</b>		Claims and claim expenses continue to be impacted by inflation and large jury verdicts.		The insurers will continue to push for rate and premium increases to remain profitable.



# Environmental

*Contractors Pollution Liability, Site Pollution Liability*



# Environmental H1 Summary

During the first 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 still remains a concern for transactional buyers, but **more are embracing environmental insurance as a solution.**

During the first 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 is causing many to question their environmental exposure and opt for insurance programs that they never would have in the past.

Carriers are continuing restrictive coverage for emerging contaminants. However, most carriers are still handling this on a case-by-case basis. Otherwise, the available coverage in the marketplace remains fairly broad.








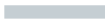





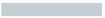






Premium increases are holding steady at anywhere from 3% to 5%, depending on the type of environmental insurance coverage.

## Environmental H2 2025 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.



















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.

# Contractors Pollution Liability (CPL)

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 3% to 5%	Abundant capacity continues to pressure rates downward. Practice policies are experiencing slight increases, ranging from 3% to 5% on average.	 5% to 10%	We expect the rate on contractors pollution liability (CPL) to increase anywhere between 5% to 10% over the next 12 months.
 <b>Limits</b>		Limits remain 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.
 <b>Retentions</b>		A wide range of retention levels are available. Lower retentions are 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.
 <b>Coverage</b>		Coverage remains broad for CPL. Exclusive coverages remain 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.
 <b>Carrier</b>		We anticipate more carriers entering this space over the second quarter as it remains an attractive line of coverage.		We don't anticipate new carriers entering this space during the second half of the year.
 <b>Claims</b>		Claim frequency remains consistent.		We expect that claim frequency will increase over the next 12 months with project restarts and more contractor activity.



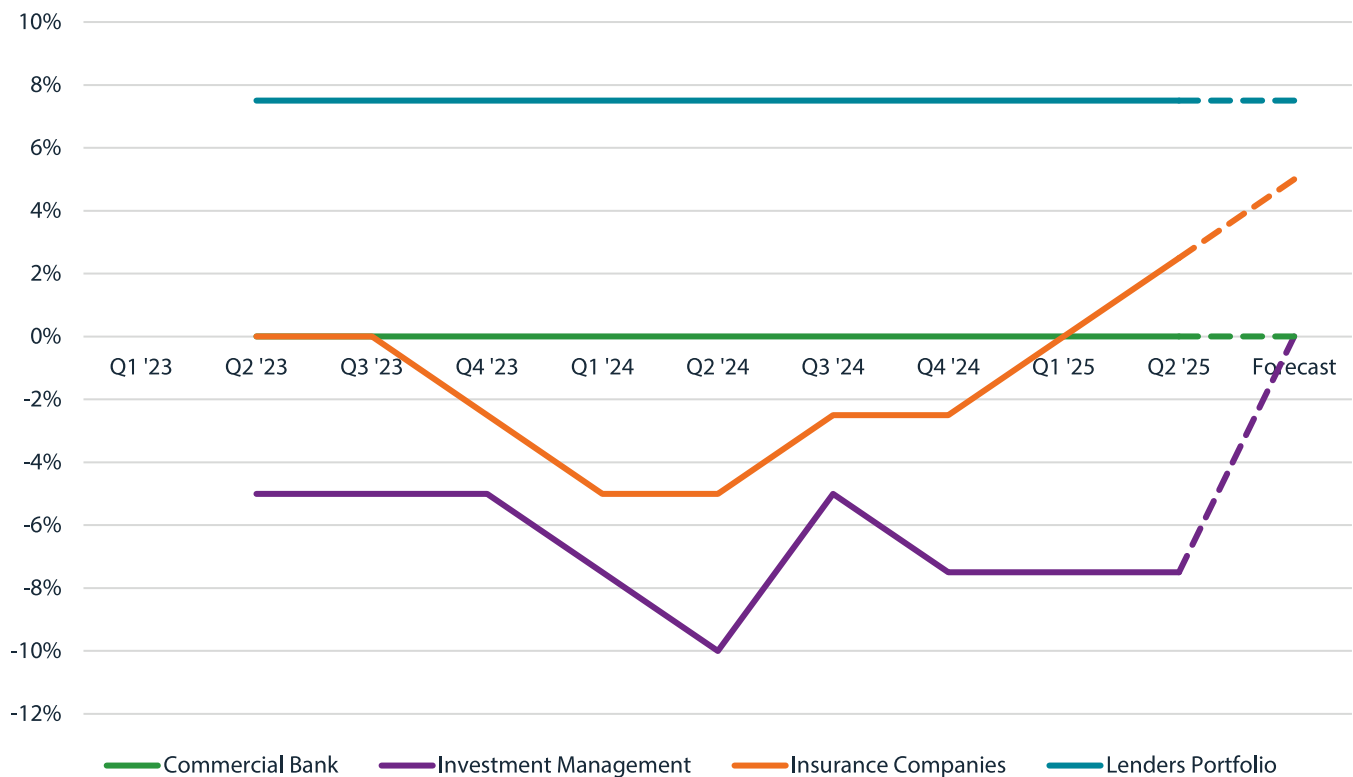
# Site Pollution Liability (PLL)

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 3% to 5%	<p>Renewal policies continue to see modest increases in pricing.</p> <p>Transactional placements are experiencing an uptick in pricing when meaningful coverage is provided.</p>	 5% to 7%	<p>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.</p>
 <b>Limits</b>		<p>Ample limits are available for most risks with abundant carrier appetite. Heavily contaminated sites posed for redevelopment continue to have ample but smaller market interest. Quota share arrangements and layered approaches provide most limits for complex or less desirable placements.</p>		<p>Availability of limits is expected to increase for shorter-term placements — five years or less, for example.</p>
 <b>Retentions</b>		<p>Retentions have remained generally static. Less challenging risks have smaller retentions of \$25,000. More complex remediation and redevelopment risks are north of \$100,000 per pollution event.</p>		<p>Less environmentally exposed risks are not seeing changes in retentions. Other, more complex risks, such as redevelopments, are being challenged by carriers to accept higher retentions.</p>
 <b>Coverage</b>		<p>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.</p>		<p>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.</p>
 <b>Carrier</b>		<p>We do not anticipate any new carriers to enter the site pollution space over the next half.</p>		<p>No significant changes expected in the next 12 months.</p>
 <b>Claims</b>		<p>Carrier claim activity remained consistent for the first half of the year. Carriers did experience an increase in PFAS claims. Claims associated with preexisting and new conditions unrelated to PFAS also increased.</p>		<p>Several major cases related to PFAS are expected to be heard this summer and should give more direction on where claims and suits will go in the near future.</p>



# Financial Institutions

*Commercial Banks, Investment Management, Insurance Companies, Loan Portfolio*



# Financial Institutions

## H1 Summary

Market conditions remained relatively stable in the first half of 2025 as compared to the prior period, though we did start to see some shift in the large investment management (>\$50B assets under management [AUM]) and insurance company segments based on an uptick in claims activity. Pricing and retention levels were consistent outside of those two specific pockets of the financial institutions (FI) portfolio, with continued rate pressure on accounts with no claim and/or mergers and acquisitions (M&A) activity. There was also activity on the carrier side with two active market participants effectively exiting the financial lines space during the first half. Capacity otherwise remained readily available, with the continued exception of the limited market for primary/low attaching insurance company professional liability (ICPL) layers. The bank and credit union market was stable with a continued focus on profitability and consistent, elevated claims activity being driven by bankers professional liability (BPL) and FI bond exposures. The smaller and middle-market investment management space (AUM <\$50B) has driven the most competition thus far in 2025. ICPL remained a challenge, with carriers willing to take firmer stances on rate, primary retention and capacity deployed. The excess market maintained its healthy competitiveness with a bit less aggression at times from the non-legacy carriers.

Areas of underwriting scrutiny from our carrier partners were consistent with the prior period. For banks, these included interest rates, profitability, credit concentration and deposit/funding sources. Investment management underwriters remained focused on strategy and performance — with some showing signs of broadening underwriting appetite to historically less-desirable areas (e.g., digital currency and other higher risk strategies). Carriers are monitoring their insurance company clients for potential bad faith developments and underlying performance metrics, with a focus on social inflation, tort reform, litigation financing and nuclear verdicts. Finally, uncertainty around regulatory changes to be implemented by the new administration is top of mind for underwriters across all financial institution classes.

NFP remained vigilant in our efforts to enhance coverage across our portfolio, and carriers continued to show willingness to discuss enhancements for clients with the right risk profiles. That said, the broadening of coverage achieved over the past renewal cycles has led to a lower frequency of significant changes to coverage in 2025. We continue to emphasize the importance of controls around cyber and FI bond exposures given the ever-evolving environment for such potential scenarios in today's fast-changing world, brought on by advances in AI and other methods of deception.

Claims activity was persistent in the first half. This was driven by some of the same themes from prior periods — including, but not limited to, ICPL losses (e.g., auto liability bad faith, cost of insurance claims, sales and marketing claims) and FI bond losses (e.g., fraudulent transfer, social engineering, theft). The small to midsize asset management space saw continued focus on the regulatory front, and there has been an uptick in claims activity/litigation in the large investment management space (no particular theme — activity around cost of corrections, operation errors, etc). Overall, cost of defense and total claim values continued to rise.

## **Banks and Credit Unions**

The first half of 2025 saw no material change in financial lines insurance market conditions for banks and credit unions, and we don't expect any major changes through the end of the year pending any significant shift in economic conditions. Banks continue to focus on profitability in the prolonged elevated interest rate environment, though signs of improvement were seen in first quarter 2025 results. We and the underwriting community will monitor many of the focal points for banks under the new administration in Washington (including but not limited to the varying views on future interest rate cuts, lending policies and digital currency/stablecoin), while also maintaining the focus areas we've seen over the past year plus (including but not limited to credit concentration/commercial real estate (CRE), loan performance, capital ratios and bank funding sources).

The pricing environment remained stable in the financial lines space specific to banks and credit unions, with selective decreases for banks with particularly strong risk profiles.

Pricing continues to be driven by directors and officers liability (D&O), BPL and employment practices liability (EPL). Cyber liability and cybercrime (FI bond) continue to be a focus, and the cyber market showed continued but slowing soft conditions.

Market capacity remains competitive – especially on excess layers – though such pressure from newer capacity has slowed a bit in the first half of this year. We've also seen two carriers who have historically participated on larger banks exit the market this year. After relatively consistent coverage and terms since 2020, an increase in overall primary appetite and competition has led to coverage enhancements on strong risks. Although there is still uncertainty surrounding the underwriting factors mentioned above and the potential for increased litigation, we expect enhancements of coverage terms and conditions will remain available where warranted. This will primarily be driven by the competitive bid process and an increased appetite for primary risk.

Retentions were essentially flat in the first half of the year. The aforementioned market competition has continued to put some pressure on retentions but has not driven material change to date in 2025. In light of continued claim activity across the bank space, we expect the retention environment to remain stable with some potential exceptions depending on risk profile. As always, should a bank or credit union be interested, we and many of the carriers would entertain higher retention options as a way to potentially save on premium costs.

Overall claims activity remains elevated. The majority of claims activity in the bank portfolio is derived from BPL/E&O and FI bond exposure. We have seen a small uptick in EPL activity and always expect to see some D&O-related claims. FI bond claims related to computer systems fraud (e.g., social engineering, diverted wire transfers) remain prevalent. We've also seen a revival in more traditional loss trends such as check forgery and unauthorized signatures under the bond coverage. Social engineering claims continue to impact banks, their vendors and their customers. We will be monitoring potential uptick in M&A activity (given then new administration's softer stance on such activity) and any associated uptick in claims volume.

## **Investment Management**

Market conditions have been somewhat segmented for the investment management space in the first half of 2025, dependent on size of the investment manager. We have continued to experience a generally positive placement environment for our investment management clients with some exceptions for large asset managers. Substantial premium decreases were achieved on many of our renewals so far this year for managers with AUM below \$50B. There is some claims activity flowing through the market currently for asset managers above that threshold, which has led to renewals ranging from flat to significantly increased rate and retention in some cases. That said, there remains ample capacity available as investment managers continue to be a relatively profitable part of the financial lines business for most carriers — this is true on primary placements in many cases and even more so on excess participations. We've continued to see carriers who are traditionally excess players in the FI space push to participate lower on excess towers or push into the primary space for investment managers.



Carriers are also showing an increased willingness to broaden their underwriting appetite to consider a larger spectrum of risk profiles. We have seen more investment management clients considering or carefully entering the digital currency space, if not fully embracing that part of the investment universe, and many more insurers are showing a greater willingness to consider these risks than they have in the past. The same is true for other strategies that are outside of more traditional asset classes.

Areas we've been monitoring over the past 12 to 18 months are overall market capacity and the pricing environment — and how they're affecting carrier profitability/performance compared to budget. Rapidly decreasing premiums in the small and middle-market investment management space over the past couple of renewal cycles have likely left many carriers short of their revenue projections. While we have not seen any of the newer capacity providers discuss a decreased focus in the investment management space or exit the market, we have seen two of the more established markets (Argo and Markel) change strategy by either decreasing focus on or exiting certain pockets of the FI space. We will continue to monitor any other changes in carrier strategy — though the vast majority of our underwriting partners remain as committed as ever to financial institutions and, in particular, the investment management market.

The regulatory environment remains a major focus for investment managers. While not necessarily unique to the investment management industry, we expect the change in administration in Washington to bring less regulatory scrutiny and a corresponding decrease in claims frequency/severity. We have not yet seen this play out with Washington focused on other, more pressing issues, but we have seen new leadership take control at most federal agencies and do expect regulatory oversight may soften over the coming months. In any case, inflation (both social and actual) has a significant impact on claim severity, so economic conditions will also bear watching.

## **Insurance Companies**

Primary pricing for insurance company financial lines placements shifted higher in the first half of 2025, particularly for professional liability (ICPL). The market is experiencing several potentially large ICPL matters currently for a wide variety of complaints — to include auto-related bad faith cases, cost of insurance cases, and sales and marketing cases. Consistent with prior periods, pricing is highly dependent on class of insurance company, retention levels and recent claims activity. Primary rates saw less change on non-ICPL lines, with mostly flat rates or some minor increases related to D&O for those insurance companies that are public. The excess market remains more stable in terms of rate with ample capacity, albeit with a slightly less aggressive approach by some carriers than in prior periods. Primary retentions were roughly flat with the exception, again, of ICPL where carriers have emphasized attaining adjustments on rate, retention and total capacity.

Underwriters have taken a firmer stance on the previously mentioned adjustments on primary ICPL, and some are aiming to reduce overall capacity deployed in the ICPL market. This has begun to put a strain on an already limited market for this line of coverage. Otherwise, total available capacity remained fairly steady. Primary D&O has proven to be a good play for the insurance company sector and has continued to perform well through some of the recent insurance company IPO activity in 2025. The carrier mix has been consistent to date this year.

The first half of 2025 saw no major coverage changes for insurance company clients. We have pushed coverage strongly over the course of the past renewal cycles, and there have been no material new available enhancements thus far this year, though carriers have demonstrated a continued willingness to discuss creative coverage solutions.

There have been some significant ICPL claims payments by carriers in the first half of the year, with other large claims still developing in the market. Claim activity continues to be driven primarily by bad faith claims and the themes noted above. Fortunately, D&O for insurance companies remains a better-than-average risk compared to D&O for other classes as demonstrated, for example, by the lack of litigation activity to date on some of the recent insurance company IPOs. We'll continue to monitor the effects of social inflation, tort reform, litigation financing and nuclear verdicts in the marketplace. Some of our carrier partners have also reported a slight uptick in claims for EPL (though allegations are not specific to insurance company risk) and fiduciary liability (continued excessive fee/propriety product claims). Finally, social engineering activity remains elevated in the bond portfolio.

## Loan Portfolio

Real estate loan portfolios continue to face pricing pressures, particularly those with a strong concentration in commercial loans. This is largely due to constrained reinsurance availability and rising replacement cost valuations. The situation is further exacerbated by ongoing catastrophic losses. Despite these headwinds, mortgage impairment rates have remained relatively steady.

In contrast, auto loan portfolios are experiencing increased delinquency rates, as borrowers struggle to keep up with payments. Pricing for auto lender's single-interest coverage is fluctuating, heavily influenced by the lender's current program structure and the effectiveness of their vendor in recovering skip losses.

The industry trend away from zero deductible policies is gaining momentum. Carriers are discontinuing these options, prompting larger lenders to adopt higher deductibles to absorb more risk and manage premium costs. There's also a shift toward applying separate deductibles by coverage type, which helps insurers better manage exposure across consumer loan portfolios. Within real estate lending, there's a clear move toward focusing on protection against catastrophic events rather than minor repairs, driving deductibles even higher. This is especially true among larger lenders in the CRE space, who are expected to accept higher retentions in response to rising insurance rates.

Insurers remain strongly engaged with mortgage hazard and impairment insurance, especially when reviewing investor-backed portfolios. On the auto side, however, the growing incidence of defaults and delinquencies is causing carriers to take a more cautious approach. While demand for mortgage-related coverage remains stable, underwriting standards for auto portfolios are tightening, reflecting unfavorable loss performance.

Loss trends in the auto market are a key concern for insurers. **Claim frequency and severity continue to rise, signaling ongoing pressure on rates and underwriting guidelines.** Some carriers are beginning to scale back their appetite for auto loan coverage due to persistent issues with delinquencies.

Auto physical damage claims are increasing, driven in part by borrower defaults and damaged vehicles being voluntarily surrendered. Skip losses remain a persistent issue, particularly when lenders aren't working with specialized recovery vendors. At the same time, rising car payments and unaffordable insurance premiums are putting added strain on borrowers, leading to more claims being filed. In the real estate space, elevated delinquency and foreclosure activity are contributing to increased claim volume.

# Financial Institutions

## H2 2025 Outlook

We anticipate a stable global insurance marketplace in the FI sector through the end of 2025, with pockets of hardening for certain classes (ICPL and large investment management, as previously mentioned). The effects of the new administration in Washington have yet to be seen, but we continue to expect any softening of regulatory stances to be viewed favorably by the market and potentially lead to a decline in claim activity. Coverage enhancements will be less available given the breadth of enhancements over the most recent renewal cycles, and primary retentions should generally remain steady outside of the two pockets of the portfolio mentioned above. These general trends are of course assuming no material new trends in litigation/claims and could be altered should M&A activity pick up significantly. It should be noted that we are also mindful of the ongoing negotiations around trade agreements/global tariffs and the uncertainty in the Middle East, the potential impacts of these issues on the economic outlook/environment, and how that could affect our financial institutions clients.

Similar to H1 2025 expectations, the bank insurance market is anticipated to remain stable in 2025. Banks have faced significant profitability challenges brought on by the interest rate environment but have started to show improvement to date in 2025. While uncertainty remains, the potential for interest rate reductions in 2025 would boost loan demand and enhance earnings. Underwriting will maintain a strong focus on credit concentration (particularly in CRE), capital ratios and bank funding sources (such as brokered deposits). The abundance of excess capacity should persist as well and lead to a healthy market for the rest of the year.

Recent litigation for large investment managers will be monitored for any trends. However, market conditions should remain stable in this segment for accounts with no claims or M&A activity. The small to midsize segment of the investment management space is expected to remain extremely competitive, and carrier appetite is expected to remain strong. We expect this segment to be a continued area of focus for growth for our carrier partners.

The insurance company segment will continue to be challenging, particularly as some carriers continue to demonstrate a willingness to de-emphasize their ICPL portfolios. Market conditions for non-ICPL lines of coverage should remain similar to prior periods but will continue to be viewed as complementary to the broader relationship. Primary retention, rate and limits will be a further heightened focus through the end of 2025.

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 volume is expected to persist through the end of the year. We will be monitoring regulatory changes and any potential associated change in claims activity. Other trends to follow will be reverse discrimination claims following the Ames decision, the uptick in claims activity in the large asset management space, development on pending ICPL-related matters and continued activity in the cyber and FI bond space.

# Commercial Banks

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -10% to 10%	Financial lines pricing remained stable, with some decreases for banks with strong risk profiles. Historically, D&O, BPL and EPL have been the main drivers in overall pricing, and all three remained stable. Cyber liability and cybercrime FI bond continue to be a focus, and the market for cyber liability has experienced a softening period following the hard market conditions prior to 2023.	 -5% to 5%	The bank insurance market is expected to remain stable and may see a slight softening in the second half of 2025. 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 (CRE in particular), capital ratios and bank funding sources (i.e., attention to brokered deposits). Excess capacity remains plentiful, which should continue to put pressure on excess pricing.
 <b>Limits</b>		With the appropriate underwriting information, we continued to see some carriers more willing to offer larger limits on bank programs in some cases. Some key sublimits remain prohibitively low (e.g., social engineering fraud on the FI bond) as claims frequency remains an issue.		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.
 <b>Retentions</b>		Retentions remain stable but have not trended downward. Increased competition has continued to pressure test this trend but did not have a material effect in the first half of 2025. While specific deals may warrant retention decreases, we don't expect any material or consistent downward movement until claims frequency sees a notable dip.		Retentions are expected to stay at current levels. 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.
 <b>Coverage</b>		The standard market has shown signs of expansion with an increase in overall primary appetite. An increase in carrier interest in commercial bank risk has led to a competitive marketplace, resulting in broadened terms and conditions. In the first half of 2025, coverage terms and conditions have broadened through competitive carrier negotiations.		Although there is still uncertainty surrounding the underwriting factors mentioned previously (CRE, 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.
 <b>Carrier</b>		Since Q2 2020, several notable carriers that have occupied primary positions in the bank market have taken a more conservative stance on quoting new business. That said, most traditional bank markets remain committed to the space. This, combined with new capacity entering the market over the past 12 to 24 months, has led to increased competition.		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.
 <b>Claims</b>		BPL, EPL and D&O claims remain 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 continue to impact banks, their vendors and their customers.		Overall, claims activity remains elevated. M&A should remain muted but has been more of a talking point under the currently 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.



# Investment Management

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -15% to 0%	<p>For most investment advisers, at least with relatively unchanged risk profiles, we continued to achieve significant renewal premium reductions in many instances. Clients with very large AUMs, riskier profiles, more esoteric strategies and/or exposure to less favorable asset classes did not see quite the same premium relief. A handful of claims have been experienced related to large asset managers. While there is not a specific trend driving these, such activity led to tightening conditions in those cases.</p>	 -10% to 10%+	<p>We have seen premiums driven down to minimum levels in many cases over the past year, so we do expect to start to see decreases shrink or abate over the next year for smaller and midsize managers. For larger asset managers, recent claims activity involving some of the largest firms is driving rates up in some cases. Overall for the space, we expect rates to be stable over the next 12 months subject to claim and M&amp;A activity.</p>
 <b>Limits</b>		<p>Despite the declining rate environment, carriers have remained eager to deploy capacity in the investment management space. We have experienced more competition on these types of deals than elsewhere in our FI portfolio in the first half of the year.</p>		<p>With the investment manager space continuing to be a focus for many FI underwriters, we anticipate that markets will maintain a healthy appetite for these types of risks and will keep looking for opportunities to deploy additional capacity in this space. Some carriers may take a harder look at total capacity deployment given the competitive pricing environment.</p>
 <b>Retentions</b>		<p>Retentions trended down to lower levels than we've seen in years, particularly on asset managers with less than \$50B in AUM and with desirable risk profiles. Previously we had seen carriers mostly compete on premium, but lower retention options have become a strong competitive tool. This is true even on some of the less desirable areas of coverage — for example, we've seen more flexibility in blended EPL coverage where carriers had been less aggressive on the retention side or had deployed higher retentions for high earners.</p>		<p>The aggressive retention environment for smaller advisors has likely hit or come to its floor on most risks. As a result, our expectation is the pace of retention reductions will stabilize and trend closer to flat over the next 12 months.</p>
 <b>Coverage</b>		<p>When pressed accordingly, carriers have been willing to offer broader terms on most renewal placements and are coming out aggressively in terms of coverage on new opportunities. As NFP is always focused on the terms and conditions of our clients' policies, we were able to negotiate favorable terms on most risks in the first half.</p>		<p>Given recent broadening of coverage of the past renewal cycles, we do not expect any significant expansion of coverage over the next year. NFP remains focused on coverage and will continue to engage with our underwriting partners to make enhancements where possible. Given our relationships and the competitive landscape, we're able to negotiate the carriers' most impactful enhancements on many of our placements.</p>
 <b>Carrier</b>		<p>Capacity remained substantial for investment manager risks in the first half. Despite Argo and Markel retrenching, we received interest from numerous carriers on deals other than those with the most undesirable risk profiles (e.g., those with significant claims, very poor performance, highly risky strategies and those exposed to undesirable asset classes).</p>		<p>Rapidly decreasing premiums in the small and middle-market investment management space over the past couple of renewal cycles have likely left many carriers short of their revenue projections. We have not seen any of the newer capacity providers discuss a decreased focus in the investment management space or exit the market. In light of the recent changes at Markel and Argo, we will continue to monitor any other changes in carrier strategy — though the vast majority of our underwriting partners remain as committed as ever to financial institutions and, in particular, the investment management market.</p>
 <b>Claims</b>		<p>Claims activity remained robust for investment managers. Regulatory activity has not yet begun to decline in any meaningful way, and with the increased usage of AI and other tools by bad actors, theft is on the rise, leading to an increase in bond and cyber claims. The market fluctuation earlier in 2025, among other factors, contributed to an uptick in claims related to trade errors and fraudulent transfers.</p>		<p>Our expectation is for the new leadership at many of the key regulatory agencies to lower some of the oversight pressure on investment managers. However, it will take time to see any resultant decrease in claims activity. The activity in the large asset management space, while seemingly not driven by specific trends, will continue to play out and will need to be monitored.</p>

# Insurance Companies

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -5% to 10%	<p>The pricing environment for ICPL began to shift higher in the first half of 2025, driven by claims activity on that line of business and expected additional losses from the limited primary marketplace for this coverage. Other lines of coverage remained steady. The excess market remained competitive and is where premium savings was achieved in most cases.</p>	 0% to +10%	<p>Pricing is expected to trend upward through the end of 2025, as carriers see their ICPL claims portfolio play out. Other lines of coverage and excess layers should remain stable but may be leveraged in order to regain losses specific to ICPL. Carriers will be more willing to hold firm on pricing increases and walk away from renewal accounts should they be unable to achieve such goals.</p>
 <b>Limits</b>		<p>Total capacity deployed by carriers remained steady as well. As will be a theme in this report, carriers are monitoring capacity specific to ICPL coverage (primary and excess) based on claims activity. Carriers remain willing to provide capacity on non-ICPL lines to support the broader relationship. Excess capacity remains abundant on all lines of coverage.</p>		<p>Total limits are expected to remain steady or trend downward, depending on carrier and claims experience. Similar to the pricing comments above, we expect carriers may have less ICPL capacity flexibility than in prior years. Limits for supporting lines of coverage such as EPL and fiduciary liability will continue to be viewed as complementary to the main D&amp;O and ICPL exposures.</p>
 <b>Retentions</b>		<p>Retentions continued to be a major focal point for the carriers for the insurance company sector but remained stable in the first half of the year. We continued to see pockets of increased retentions that are industry- and coverage-specific (e.g., increased bad faith retentions for auto insurers; life insurers seeing higher retentions specific to sales and marketing).</p>		<p>Retentions should remain steady and will continue to be a point stressed by the underwriting community. ICPL retentions may start to tick up, but other lines of coverage are expected to remain stable.</p>
 <b>Coverage</b>		<p>The first half of 2025 saw no major coverage changes for insurance company clients. We have pushed coverage strongly over the course of the past renewal cycles and there have been no material new available enhancements thus far this year, though carriers have demonstrated a continued willingness to discuss creative coverage solutions.</p>		<p>Given the efforts on coverage enhancements over the course of past 12+ months, we expect coverage will remain stable through the next 12 months. NFP's Financial Institutions Group maintains a commitment to focusing on policy language and responsiveness to claims. Funds transfer/social engineering will remain a focus on bonds.</p>
 <b>Carrier</b>		<p>Carriers remained very limited on ICPL appetite (primary in particular), with no new carriers pushing into that particular line. Legacy carriers experiencing claims activity began to consider alterations to underwriting guidelines in this space. Excess carrier appetite remains strong, and London continues to be an important market in this space. That said, some of the new entrants into the FI arena over the course of the past couple years were slightly less aggressive than in 2024.</p>		<p>Carrier mix is not expected to change materially in the coming year. The carrier landscape for primary ICPL will remain limited. We expect that some carriers will become more measured in their approach in terms of total capacity or pricing but that carrier appetite should remain strong in this sector.</p>
 <b>Claims</b>		<p>There were some significant ICPL claims payments by carriers in the first half of the year, with other large claims still developing in the market. That has been a consistent theme in the insurance company sector. Fortunately, D&amp;O for insurance companies remains a below-average risk compared to D&amp;O for other classes as demonstrated, for example, by the lack of claims activity on some of the recent insurance company IPOs (Aspen, Ategrity, American Integrity, Slide, etc).</p>		<p>The market is experiencing a number of significant ICPL claims currently, and that will continue to be the driver of claims activity over the coming year. We'll continue to monitor the effects of social inflation, tort reform, litigation financing and nuclear verdicts in the marketplace and claim themes, including auto-related bad faith, cost of insurance and sales and marketing. D&amp;O claims performance should remain strong. We expect continued activity on EPL and fiduciary liability (excessive fees/proprietary products) and on social engineering losses in the bond portfolio.</p>

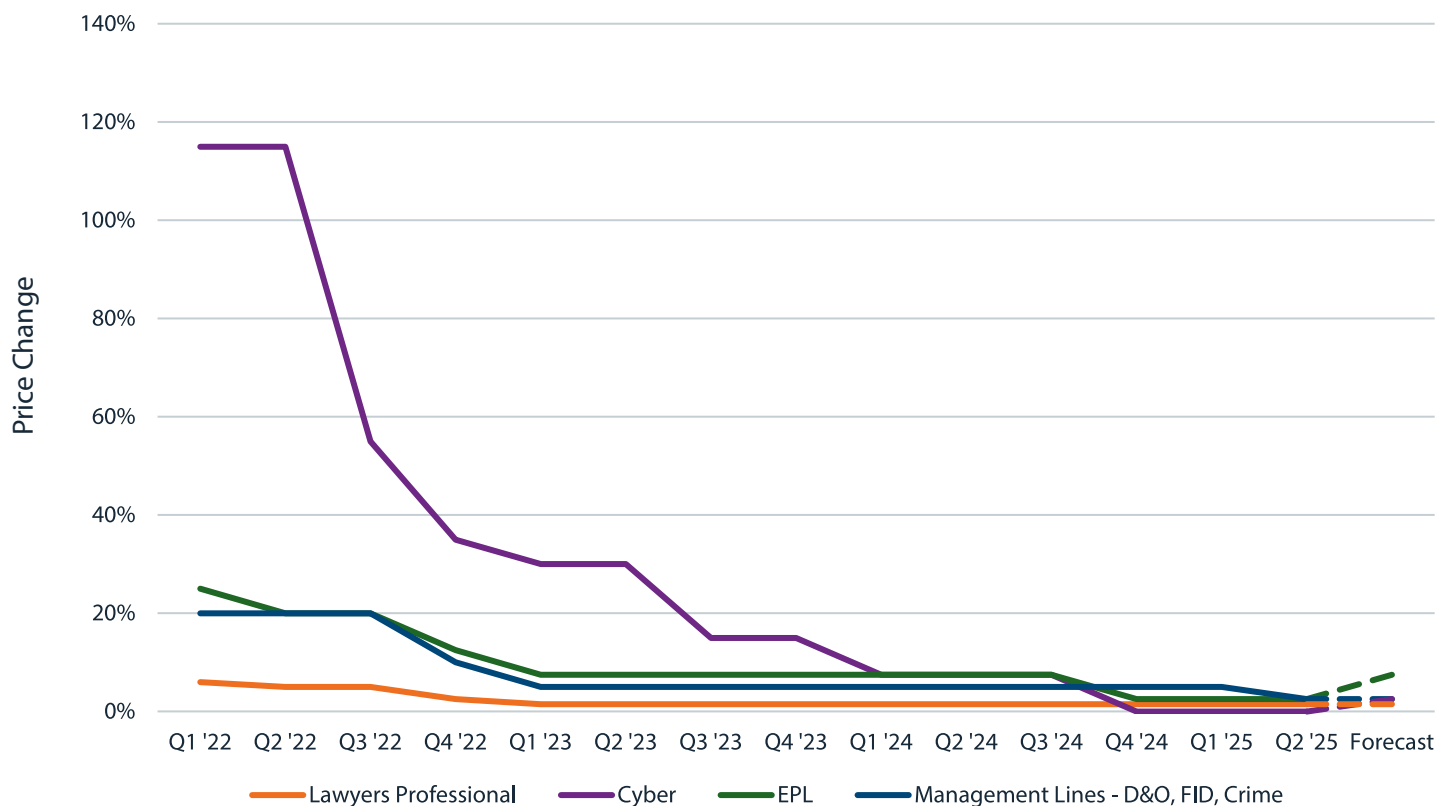
# Loan Portfolio – Lender’s Single Interest, Mortgage Impairment and Mortgage Hazard

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 5% to 10%	<p>Pricing on the real estate portfolio continued to rise, driven by primary carriers retreating from residential markets, limited reinsurance capacity and higher replacement cost values. These challenges are further compounded by the impact of catastrophe losses. Mortgage impairment rates continue to remain stable for now.</p> <p>Auto loans have experienced elevated delinquency rates in recent months. Pricing on the auto lender's single-interest side appears to be stabilizing following previous increases driven by these trends.</p>	 5% to 10%	<p>Moderate rate increases are expected to persist in the real estate sector as the market adjusts to shifts in primary markets, the impact of catastrophic events and the potential for an economic recession.</p> <p>In 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.</p>
 <b>Limits</b>		<p>Mortgage hazard property insurance limits up to \$5M remain the standard, while mortgage hazard liability limits of \$1M per occurrence and \$2M annual aggregate are typical. However, capacity is available for higher limits to accommodate commercial lenders' needs.</p> <p>Lender's single-interest standard limits sit at \$100,000 limit per collateral type, while the amount financed can exceed this limit. As car values continue to increase, we are seeing limits closer to \$150,000.</p>		<p>No significant changes are anticipated in the residential real estate sector. However, commercial properties are expected to experience increases, driven by continued market volatility.</p> <p>We continue to see increases on our lenders single-interest side of the book, with limits up to \$150,000 to \$250,000, depending on the type of collateral.</p>
 <b>Retentions</b>		<p>Mortgage hazard property and flood deductibles remained stable, with deductibles ranging from \$1,000 to \$10,000 typically being available and higher deductibles being available, depending on the insured's size and risk appetite.</p> <p>Lender's single interest typically runs at a \$0 deductible, but with the rising cost of collateral/repair, we have seen these deductibles start at up to \$10,000 with the \$0 deductible phased out.</p>		<p>Higher deductibles are expected to remain a trend – particularly in the CRE sector with higher limits – to offset rising rates.</p> <p>In lenders' single-interest policies, deductible increases are anticipated to continue, with the \$0 deductible option being phased out. Additionally, offering separate deductible options for each coverage type is under consideration to better manage losses.</p>
 <b>Coverage</b>		<p>Coverage availability and terms remained stable.</p>		<p>Coverages will continue to remain standard with no material changes.</p>
 <b>Carrier</b>		<p>Insurers remain highly engaged in mortgage hazard and mortgage impairment, with a strong focus on evaluating investor schedules.</p> <p>On the auto side, insurer interest is increasingly scrutinized as rising borrower delinquencies and defaults prompt closer analysis.</p>		<p>Carrier interest in mortgage-related coverages is expected to remain steady.</p> <p>On the auto side, carrier appetites are closely tied to loss trends. With claim frequency and severity showing no signs of slowing, adjustments in appetite and rates are anticipated. Additionally, markets continue to show reduced interest in auto portfolios due to the ongoing rise in delinquencies.</p>
 <b>Claims</b>		<p>Real estate claims frequency and severity continue to remain stable. Auto claims continue to see a high volume of physical damage and skip claims as auto delinquencies continue to rise.</p>		<p>Real estate claim frequency and severity are expected to remain stable. In contrast, auto claims are projected to persist at elevated levels in both frequency and severity. With auto delinquencies reaching all-time highs, increases in physical damage and skip claims are anticipated.</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

## H1 Summary

### **Cyber for Law Firms**

At the beginning of 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 H1 2025, the employment practices liability (EPL) insurance market experienced largely flat pricing, with most policyholders seeing minimal rate changes. Insurers maintained a limited appetite for high-risk industries and companies with prior claims activity. Coverage terms also varied by geography, with regions facing elevated litigation rates – such as California, New York and New Jersey – subject to stricter underwriting scrutiny. 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**

- Artificial intelligence and generative AI continued to be a focus for underwriters. Insurers will keep a close eye on trends related to how AI impacts law firms from a risk management standpoint.
- Cybersecurity threats facing law firms are evolving and will remain a significant concern in the months and years to come. From electronic attacks to phishing and spoofing schemes, law firms must enhance their vigilance to protect against these risks.
- The severity of malpractice claims against law firms has reached unprecedented levels. While the frequency of reported claims has remained stable, the increasing size of these claims is drawing heightened attention from insurers.
- Financial hygiene, inflation and the potential recessionary effects on the economy have been a particular focus as we continue toward the second half of 2025.

# Law Firm Practice

## H2 2025 Outlook

### **Lawyers Professional Liability (E&O)**

The lawyer's professional liability market remains highly competitive as we enter the second half of 2025. Insurers will continue to prioritize limits management for their portfolios while seeking to bring retentions to levels more consistent with today's market environment. Rates have remained relatively stable for firms with clean loss histories. The trend of increasing claims severity is expected to be a significant topic for underwriters. Consequently, firms with substantial claims may face double-digit rate hikes. Again, financial hygiene, inflation and the potential recessionary effects on the economy will continue to be a focus for underwriters as we continue toward the second half of 2025. Generative AI and cybersecurity will remain major areas of concern for law firms.

### **Cyber for Law Firms**

Going into H2 2025, the cyber liability insurance market for law firms remains relatively stable from a pricing standpoint. However, carriers are actively seeking to take rate when firms report year-over-year revenue growth. Despite this general stability, claims frequency among law firms continues to be a concern for underwriters, particularly given the sensitive nature of client data and the evolving threat landscape. As a result, robust cybersecurity controls remain critical — not only for securing favorable pricing but also for ensuring access to comprehensive coverage.



















### **Employment Practices for Law Firms**

For the remainder of 2025, the EPL insurance market for law firms is experiencing a shift after several years of soft market conditions, driven largely by sustained claims frequency that has shown little sign of slowing. Insurers are now responding with mandatory rate increases on renewals, particularly in high-risk jurisdictions such as California, New York and New Jersey. These adjustments reflect not only the ongoing volume of claims but also the impact of increasingly stringent employment laws and the rising costs of litigation. As a result, law firms are facing a more challenging EPL insurance environment, with greater scrutiny and tighter underwriting standards from key markets.



















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

In 2025, 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	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 3%	<p>The H1 2025 market remained competitive, with the most notable change being that one major carrier has exited the space. Law firms with a clean loss history will see favorable rates, while firms with substantial losses could see their rates impacted more adversely.</p>	 0% to 3%	<p>Pricing remained stable throughout H1 2025. Overall stability of existing and new capacity entering the market has helped maintain a healthy market environment.</p>
 <b>Limits</b>		<p>Most carriers are capping primary limits at \$5M, with a few still willing to offer \$10M. Quota share options continue to rise in popularity. Excess limits are 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>
 <b>Retentions</b>		<p>Carriers have 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>
 <b>Coverage</b>		<p>Coverages for this line of insurance have remained relatively stable. Some carriers continue to increase add-in coverages, with low sublimits (subpoena, crisis management) becoming standard.</p>		<p>Coverage is expected to remain relatively stable as we head into the back half of 2025.</p>
 <b>Carrier</b>		<p>Market capacity continues to increase within the lawyers professional liability space, with new carriers entering the space. One significant carrier in our space, Argonaut Insurance Company, pulled out of the professional and management liability space entirely. This shift not only presents certain challenges but also leads to opportunities.</p>		<p>Overall stability of existing and new capacity entering the market has helped maintain a healthy market environment.</p>
 <b>Claims</b>		<p>Severity of claims continues to rise, driven by higher defense costs and larger deals with more sophisticated clients. Frequency has stabilized or decreased due to the slow-down in litigation and related areas.</p>		<p>Carriers are still uncertain if they will see claims if an economic downturn takes place. Severity of claims is expected to continue to increase.</p>

# Cyber for Law Firms



















Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 Flat	The cyber market overall remains stable, resulting from new market entrants and increased cybersecurity across the board. However, law firm claims activity has not slowed down which has led to a limited carrier appetite for this class. Law firms can expect relatively flat renewals.	 0% to 5%	The cyber insurance market for law firms will remain relatively stable throughout the remainder of 2025.
 <b>Limits</b>		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.		Capacity is widely available, with more competition on an excess basis, and firms are actively increasing limits.
 <b>Retentions</b>		Upward pressure on retentions continues, particularly when firms lack requisite controls or have experienced claims activity.		Retentions have stabilized after adjusting to the market-wide claims conditions
 <b>Coverage</b>		Ransomware coverage is closely scrutinized and often sublimited or eliminated if control requirements are not met. Multifactor authentication is a standard requirement for coverage, and firms unwilling or unable to implement this requirement will see reduced coverage. Endpoint detection and response (EDR) is a more common requirement.		Continued mandatory requirements for multi-factor authentication, backups, encryption and more is expected for all size firms. EDR will be required for mid- to large-size law firms.
 <b>Carrier</b>		Underwriting guidelines are tightening, and a reduced carrier appetite for the class of business was common as activity targeting law firms increased.		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.
 <b>Claims</b>		Increased ransomware and business email compromise claims against law firms continue to become public. Several hacking incidents involving large firms heightened concerns about increased claims.		Claims activity is expected to continue to increase, and the cost of investigation and remediation is expected to continue to rise.



# Employment Practices for Law Firms

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 5%	Rates have 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.	 5% to 10%	For the remainder of 2025, we expect to see relatively stable rates and don't anticipate major changes through the remainder of 2025. Underwriters are watching the impact of a potential economic downturn, which could cause rates to trend upward.
 <b>Limits</b>		Carrier requirements for limits have not changed.		Carrier requirements for limits will continue to stay consistent.
 <b>Retentions</b>		Retentions are increasing, particularly in difficult geographical areas (California, New York and New Jersey).		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 wager earners.
 <b>Coverage</b>		The carriers that will consider law firms have adjusted their policy forms to include crucial coverage pieces such as failure to make partner. Sublimits for wage and hour, workplace violence, etc. can be increased from \$100,000 to \$250,000.		EPL policy forms will remain consistent for the remainder of 2025. Certain sublimited coverages might be reduced based on claims activity.
 <b>Carrier</b>		There is still a limited number of carriers that will write EPL coverage for law firms.		The same limited number of carriers will continue to offer EPL coverage for law firms.
 <b>Claims</b>		Claims frequency and severity are still on the rise due to discrimination, wage disparagement, deprivation of carrier opportunities and more.		Law firms will continue to experience claims relating to discrimination, disparagement, wage and more.

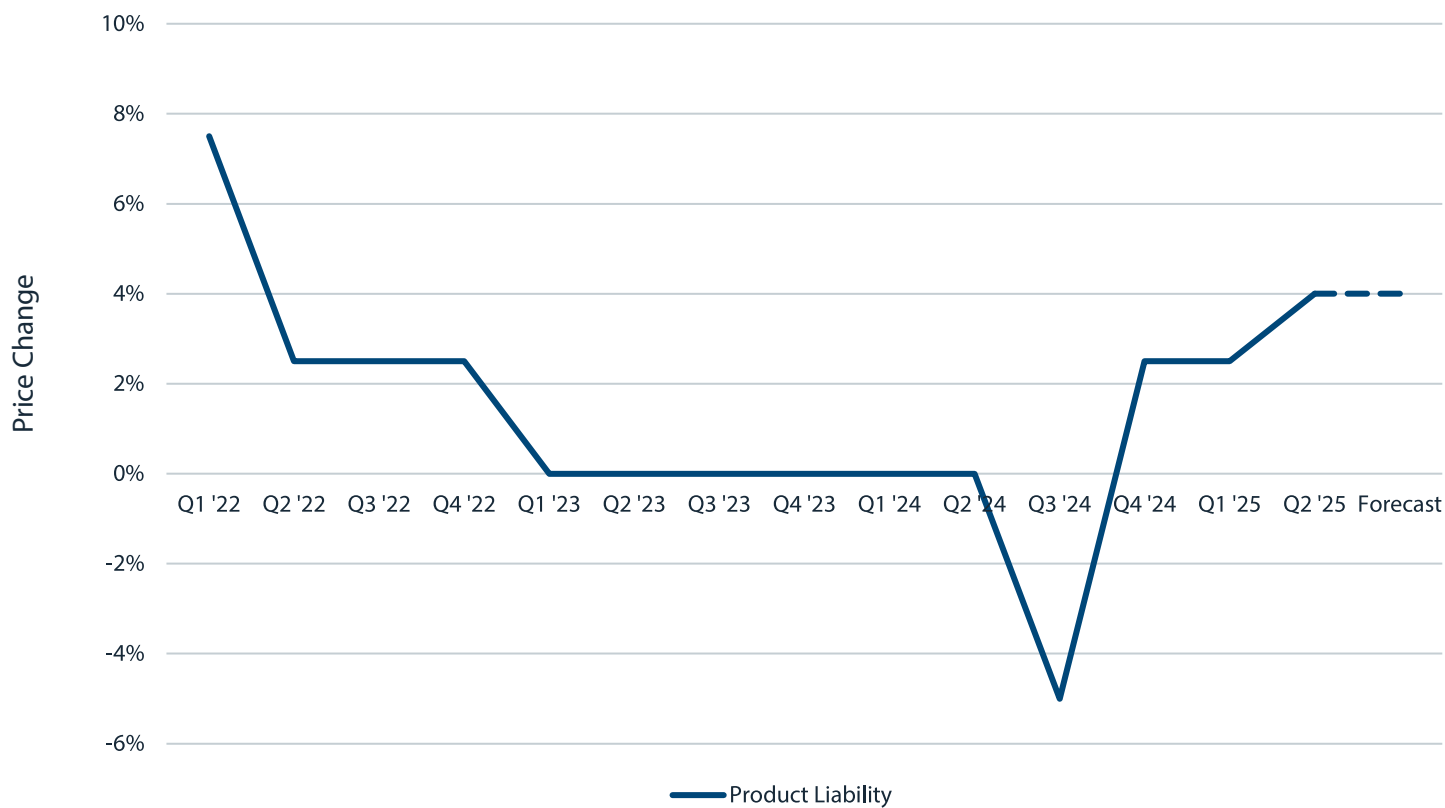
# Management Lines for Law Firms (D&O, Fiduciary and Crime)

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 0% to 5%	Pricing increases in these lines of business have begun to stabilize, 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).
 <b>Limits</b>		Carriers have 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.
 <b>Retentions</b>		Carriers continue to monitor retention adequacy and take corrective action where needed, particularly where employee count is high and policies/procedures are not fully implemented.		Retentions will continue to be monitored, particularly where there are past claims or where policies/processes are inadequate.
 <b>Coverage</b>		Crime, directors and officers, and fiduciary liability for law firms remains stable. Still, some adjustments are being made in fiduciary and crime where sublimits and exclusions are being implemented to address increase in claims related to cybercrime and excessive fee litigation (fiduciary).		Coverage expansion is not anticipated.
 <b>Carrier</b>		The market has 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.
 <b>Claims</b>		Cybercrime (social engineering, funds transfer fraud, etc.) has 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

## H1 Summary

The first half of 2025 has seen a steady insurance environment for life science organizations, with overall market conditions remaining favorable. While rate movement has been modest, certain segments – particularly those with recent loss activity – are experiencing heightened underwriting scrutiny and selective pricing adjustments.

Insurers are refining their approach by tailoring terms and conditions based on individual risk profiles. This includes a continued emphasis on exclusions related to cyber exposures, chemical impurities and specific pharmaceutical ingredients. These refinements reflect a broader trend toward more granular risk assessment and portfolio management.

Organizations with strong loss histories and proactive risk management practices continue to benefit from competitive terms and expanded capacity. Meanwhile, accounts with adverse claims experience are encountering more restrictive coverage and elevated premiums.

Across the board, underwriters are maintaining a disciplined stance, with a clear focus on differentiation. Early engagement, comprehensive submissions and transparent communication remain critical to securing optimal outcomes in today's evolving market.



# Life Sciences

## H2 2025 Outlook

As we move into the latter half of 2025, the life sciences insurance market is expected to remain steady, supported by healthy competition and a continued influx of underwriting capacity. While rate increases have been modest so far this year, insurers are maintaining a cautious stance in certain segments, particularly those with recent claims activity or emerging exposures.


Product liability remains a key area of focus, especially for companies involved in advanced therapies, specialty pharmaceuticals and clinical trials. Legal activity around chemical contaminants and long-tail health risks is increasing, prompting insurers to reassess coverage terms and exclusions.

Digital health and remote care solutions are also drawing more attention from underwriters, as these technologies introduce new operational and regulatory risks. Companies offering these services may face closer scrutiny around data handling, patient safety and compliance protocols.

### **Despite these challenges, the overall market remains favorable for well-managed risks.**

Insurers continue to reward strong governance, transparent disclosures and proactive risk mitigation. Organizations that demonstrate these qualities are likely to secure competitive terms and stable coverage through the remainder of the year.

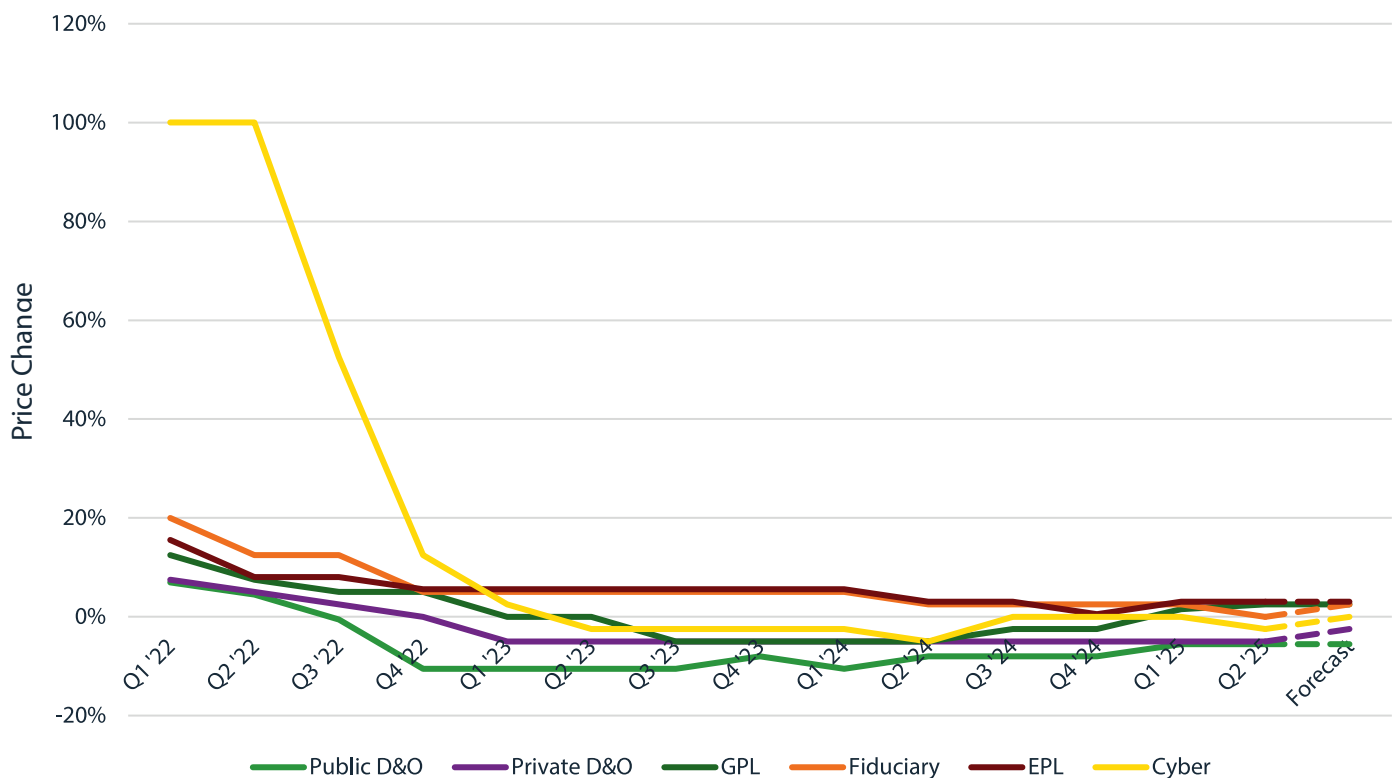
# Product Liability

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 3% to 5%	<p>Pricing remained relatively stable, with average rate increases falling in the low single digits — typically between 3% and 5%. Accounts with favorable loss histories and strong risk management practices often secured flat renewals or modest reductions, particularly in competitive segments of the market. Overall, pricing trends reflected a disciplined but competitive market, with capacity continuing to expand for well-managed risks.</p>	 -2% to 10%	<p>Expect pricing to remain within a stable range, with projected rate changes between -2% and +10%, depending on risk profile and claims history. Most clean accounts are seeing low single-digit increases and, in some cases, even modest reductions due to increased competition and new capacity entering the market.</p>
 <b>Limits</b>		<p>The life sciences insurance market has seen a notable influx of new capacity, particularly in product and professional liability lines. This has helped stabilize the market and maintain competitive conditions despite broader economic uncertainty. Strong competition among insurers is keeping capacity readily available, especially for companies with clean loss histories and robust risk management practices.</p>		<p>The market is not hardening, and new entrants are helping maintain and even expand limits. Larger towers are forecasted to be easier to build.</p>
 <b>Retentions</b>		<p>While the overall scope of coverage has held steady, minor enhancements have been introduced selectively. Insurers are increasingly broadening opioid-related exclusions, reflecting continued litigation and regulatory scrutiny.</p>		<p>Retention levels are expected to hold steady, though some policyholders may adjust them strategically to offset rising premiums or recent claims activity.</p>
 <b>Coverage</b>		<p>Carriers continue to become more specialized, with policies increasingly tailored to address complex risks like AI-enabled devices and international clinical trials. While insurers continue to offer solid capacity, they are more selective in underwriting, particularly for higher-risk sectors.</p>		<p>Coverage is evolving with stable capacity and growing customization, especially for emerging risks like AI-driven devices and global clinical trials. Insurers are offering more modular and blended policies, while maintaining selectivity in high-risk areas such as gene therapy and opioids.</p>
 <b>Carrier</b>		<p>Market capacity continues to increase within the lawyers professional liability space, with new carriers entering the space. One significant carrier in our space, Argonaut Insurance Company, pulled out of the professional and management liability space entirely. This shift not only presents certain challenges but also leads to opportunities.</p>		<p>Markets and carriers are expected to hold their current positions while pursuing targeted growth opportunities.</p>
 <b>Claims</b>		<p>Litigation funding continues to gain momentum, with more third-party investors backing high-stakes cases, particularly in sectors like life sciences where potential settlements can be substantial. At the same time, trial activity is increasing as courts work through pandemic-era backlogs, leading to a higher volume of cases being scheduled and moving toward resolution.</p>		<p>Claims activity is expected to rise, driven by increased litigation targeting product safety, particularly in areas like carcinogen exposure and complex therapies. The growing influence of litigation funding and social media is expanding the scale and visibility of mass tort actions.</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 & Professional Liability

## H1 Summary

**Market Overview** – In the first half of 2025, the management, cyber and professional Liability (MCPL) market was characterized by continued softness and abundant capacity. However, cautionary trends are emerging – particularly within specific lines and excess layers – amid evolving risks and shifting underwriting strategies. While buyers continue to benefit from competitive conditions, insurers are becoming more selective in their approach to pricing, limits and risk appetite.

### **Directors and Officers (D&O) Liability**

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, continue to enjoy favorable renewal terms.

*Premium Trends:* Insureds that previously saw double-digit premium decreases during first half of 2024 are now experiencing a plateau in savings. While decreases are still achievable, they are generally more modest as underwriters seek to recalibrate rates for long-term sustainability.

*Market Behavior:* Increased scrutiny around program structure – especially in high excess layers – is leading to closer evaluation of pricing adequacy and limit deployment. Carriers are exercising more diligence in evaluating stacking positions and increased limit factors.

*Key Considerations:* Insurers remain cautious around complex financial exposures, IPOs and SPAC-related risks, though improving claims data has supported overall market stabilization and increased competition for this business.

### **Employment Practices Liability (EPL)**

The EPL market continues to benefit from strong competition, keeping overall rate trends largely flat to slightly positive for most buyers.

*Claims Trends:* Jurisdictions such as California, Texas and New Jersey are seeing increased litigation and regulatory activity, especially around wage/hour, discrimination and retaliation claims. Clients with recent or historical losses in these regions are more likely to experience targeted rate increases, higher retentions or program restructuring. Disability discrimination claims continue to lead the way in terms of volume. With recent Supreme Court decision in *Ames v. Ohio Department of Youth Services*, we are likely to see an uptick in reverse discrimination matters as pleading standards have been level-set.

*Regulatory Watch:* The implementation of more employee-friendly regulations, including broader pay transparency laws and state-level protections, is driving heightened claims scrutiny — resulting in increased underwriting discipline for certain classes or geographies. While the plaintiff's bar remains active, we expect fewer enforcement actions from the EEOC.



## **Fiduciary Liability**

Fiduciary liability coverage is showing signs of improvement as certain carriers re-enter or expand their footprint in the market.

*Market Dynamics:* While a few insurers remain wary – particularly around risks tied to large retirement plans and plan sponsor decisions – carriers with increased risk appetite are offering competitive pricing and broader terms, especially for mid-sized and smaller plan sponsors.

*Claims Trends:* The pace of excessive fee litigation appears to be stabilizing, which is helping support improved market sentiment. However, continued attention to litigation trends and legal precedents is essential, especially as case law evolves.

## **Fidelity/Crime**

The fidelity/crime insurance market remains one of the most stable within the financial lines space.

*Pricing and Capacity:* Premiums are flat, and carriers continue to provide broad terms with limited volatility. The product line remains profitable, supporting enduring competition.

*Emerging Risks:* While social engineering, internal fraud and third-party schemes remain key exposures, carrier controls and underwriting requirements are generally viewed as effective in managing losses.

## **Cyber Liability**

The cyber insurance market has maintained its equilibrium into the second half of 2025, despite a growing and complex risk landscape.

*Threat Landscape:* Ransomware claims have increased modestly, with a 2.3% uptick from Q1 to Q2 2025. Exploits targeting widely used software and the growing use of AI-powered attack vectors (e.g., deepfakes, generative phishing) are pushing organizations to upgrade their cyber defenses. Privacy-related claims are on the rise, with litigation and regulatory scrutiny increasing around pixel tracking, cookie disclosures and biometric privacy (e.g., BIPA in Illinois and other emerging state laws).

*Market Conditions:* Despite threats, pricing remains stable driven by:

- Continued insurer competition.
- Focus on renewal retention.
- Aggressive growth targets from both legacy and new market entrants.
- Continued ample capacity, with many markets acting opportunistically to secure quality risks.

*Underwriting Trends:* While rates are steady, underwriters are showing increased interest in technology stack disclosures, AI governance practices and regulatory compliance (especially GDPR/CCPA equivalents). Buyers with demonstrated resilience measures (e.g., regular backups, endpoint detection, MFA adoption) continue to receive preferred terms.

**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 & Professional Liability



















## H2 2025 Outlook

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



















# Public Company Directors and Officers Liability

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -10% to Flat	Public D&O market stability continued in the first half of 2025 as insurers competed for premium and capacity remained strong. Rate declines, which peaked at the end of 2024, have begun to level off. However, significant rate reductions persist for complex placements with historically higher premiums. Increased litigation, technology exposures and macroeconomic pressures are driving greater underwriting caution.	 -10% to Flat	For public D&O over the remainder of 2025, ample capacity will continue to pressure pricing, but the pace of rate declines is expected to stabilize.
 <b>Limits</b>		Insurance carriers largely maintained consistent average limits in public D&O during 2025. In early 2025, incremental limit tranches continued to grow, with some expiring positions increasing from \$5M moving to \$10M. However, carriers remain hesitant to deploy larger capacity in challenging sectors such as digital assets, cannabis, IPOs, SPACs and de-SPACs.		We expect carriers to maintain and, in some cases, increase their capacity over the next 12 months, using the “more limit, potentially more premium” philosophy.
 <b>Retentions</b>		We started to see more decreases on retentions given the competitive marketplace. This trend was exacerbated in the more difficult industry classes, and during the hard market they were subject to much higher retentions.		We expect to continue to see some decreases in retentions over the next year. Certain risk exposures and industry classes will still see higher retention levels, such as IPOs, SPACs, digital assets and cannabis.
 <b>Coverage</b>		Breadth of coverage was stable in comparison to prior year and quarters. Entity investigations coverage is being contemplated more than in prior years, but the take-up continues to be relatively low.		Again, barring any unexpected event-driven occurrences, we expect the breadth and scope of coverage to remain largely unchanged, with a renewed focus on expanded entity investigation coverage options.
 <b>Carrier</b>		Capacity continued to be abundant in the public directors and officers (D&O) market, which continues to put downward pressure on pricing and retentions. New entrants chasing deals is driving this trend.		Insurer capacity remains stable, and we expect this to continue for the remainder of 2025.
 <b>Claims</b>		<p>The number of securities class action (SCA) lawsuits filed in 2025 is expected to match last year's total, projecting approximately 222 filings by year-end, continuing the steady pace from 2024. Notable Trends:</p> <p><b>1) Large Settlements</b> – Settlements are setting new records, with median settlement ratios to market cap more than tripling historical medians.</p> <p><b>2) Focus Areas</b> – Litigation is largely targeting large, established corporations rather than new IPOs, with significant attention to AI-related disclosures, crypto and lingering issues from SPACs.</p>		While regulatory scrutiny may be softening, the plaintiff's bar remains active, especially given the uncertainty in the economy. The back and forth on tariff imposition and trade deals has the potential to lead to increased stock market volatility and bankruptcies. We think SCAs will track similarly to last year.

# Private and Not for Profit Company Directors and Officers Liability


















Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -10% to Flat	<p>The private and nonprofit sectors continued to improve. Pricing adjustments were driven by industry events, loss history and regulatory factors. The prolonged hard market and increased competition affected overall dynamics. New entrants and legacy insurers expanded their portfolios, but financially distressed risks and certain industries like cannabis and digital assets are starting to see moderate results at renewal.</p>	 -5% to Flat	<p>Pricing is expected to remain stable and continue to improve in certain areas heading into 2025, given the amount of capacity in the marketplace for clients with good risk profiles. We do expect to see a rise in bankruptcies and restructurings, causing underwriters to scrutinize financial metrics in greater detail than they have historically.</p>
 <b>Limits</b>		<p>Carriers continued to maintain limit capacity. We are seeing stabilization due to corrective action taken over the last 24 months during the hard market. 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>
 <b>Retentions</b>		<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>
 <b>Coverage</b>		<p>As competition has increased, insurers have been expanding coverage as a differentiator. High-risk industries and emerging industries are still seeing 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>
 <b>Carrier</b>		<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 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>
 <b>Claims</b>		<p>Claims volume remained steady, increasing incrementally as competition amongst businesses gets stiffer. Defense costs and other claims elements are in an upward trajectory, which is increasing 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	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 Flat to 5%	<p>The general partner liability (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>	 Flat to 5%	<p>We expect the trend of nominal rate increases to continue into the second half of 2025 as social inflation persists.</p>
 <b>Limits</b>		<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>
 <b>Retentions</b>		<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>
 <b>Coverage</b>		<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>
 <b>Carrier</b>		<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>
 <b>Claims</b>		<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	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -5% to 5%	Rates were generally stable, with modest reductions or increases of up to 5%. Employers with strong risk management practices may benefit from lower premiums.	 Flat to 5%	Markets will continue to monitor developments and trends with excessive fee litigation and other exposures that are challenging their profitability. Size-of-plan assets is a key factor that will impact pricing. Employee stock ownership plans and those companies with challenged risk profiles will continue to see even greater rate increases.
 <b>Limits</b>		Adequate capacity existed, but insurers are cautious about deploying higher limits over \$10M. Primary limits are often capped at \$5M to \$10M, with higher retentions for excessive fee or class action claims.		We expect limit deployment for fiduciary liability will remain stable.
 <b>Retentions</b>		Carriers largely maintained their retentions due to the claims environment mostly being driven by excessive fee litigation. In the first quarter, we did see some modest increases on the excessive fee/class action retentions.		We expect retention levels to remain stable for the remainder of the year.
 <b>Coverage</b>		Carriers continued to try and reduce their potential exposure to excessive fee and expense claims. This is usually attempted or achieved by adding a sublimit, a separate retention or coinsurance and by using exclusionary wording for these claims.		We expect this trend to continue toward more restrictive policy wording and coverage based on all the recent claims activity.
 <b>Carrier</b>		There was no expectation of a shift in market leadership among the carriers. The market was quite competitive, and the fiduciary product line is performing profitably.		There is no expectation of a shift in market leadership among the carriers.
 <b>Claims</b>		Litigation trends, especially excessive fee class actions, remained active but have declined compared to previous years. Positive legal precedents have led to more dismissals in certain circuits. There are emerging cases and issues around AI that may continue to create some uncertainty.		We expect more of the same for the remainder of 2025. However, if the U.S. Supreme Court reverses the Cornell decision's practical interpretation of prohibited transactions, if the Sixth Circuit's Parker-Hannifin ruling (which eliminates the need for meaningful benchmarks) gains traction amid circuit splits and/or if excessive fee class actions for welfare plans survive dismissal, it could significantly reshape ERISA litigation.

# Employment Practices Liability

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 Flat to 5%	<p>The employment practices liability market was stable but firming. The market remained competitive with ample capacity. However, increased claim frequency kept rates down over the course of 2025 and trending toward flat by the end of the year. This could be changing. Exposure in California requires higher retentions and, in some cases, higher premiums.</p>	 Flat to 5%	<p>For the remainder of the year, we may start seeing some pricing increases. Similar to D&amp;O, there is much capacity in the market with a lot of insurers interested in growing their books. While that has held pricing down, the current negative claims trends in 2025 may send pricing upward.</p>
 <b>Limits</b>		<p>Limits remained stable in the first half of 2025.</p>		<p>We expect limit deployment for EPL will remain stable for the remainder of the year and into 2026.</p>
 <b>Retentions</b>		<p>Carriers have and will continue to address retentions on a state-by-state (New York, New Jersey and California) and risk-specific basis, primarily influenced by legislation and loss trends. They will also closely monitor mass/class action by industry and employee count.</p>		<p>We continue to expect a consistent monitoring of regulatory trends, resulting in retention adjustment to persist throughout the year, especially if claim activity picks up in the next 12 months.</p>
 <b>Coverage</b>		<p>We continued to see event-driven restrictions being introduced around the Biometric Information Privacy Act, Genetic Information Privacy Act, Genetic Information Nondiscrimination Act and Pay Transparency Act. Carriers are beginning to present uniformity in approach as well as restricting the scope of coverage countrywide.</p>		<p>We expect the breadth and scope of coverage to remain largely unchanged.</p>
 <b>Carrier</b>		<p>There is no expectation of a shift in market leadership among the carriers. We do, however, expect to see a slight uptick in capacity, especially with carriers that offer EPL insurance as a blended product with the D&amp;O liability.</p>		<p>Some developing appetites are likely to emerge as carriers see opportunity to gain market share and utilize efficient technology in the small/medium enterprise space.</p>
 <b>Claims</b>		<p>There has been increased volume in connection with employee claims and third-party discrimination claims. Defense costs and other elements are in an upward trajectory, which is increasing overall claims activity and expense trends. The US Supreme Court decision in <i>Ames v. Ohio Department of Youth Services</i> may lead to more reverse discrimination claims, as the playing field has been leveled in terms of pleading standards.</p>		<p><i>DEI Initiatives:</i> Scaling back DEI programs due to new executive orders may increase discrimination claims, while continuing them risks reverse discrimination allegations.</p> <p><i>Return to Work:</i> As we further distance ourselves from the COVID-19 pandemic, more businesses are looking for employees to return to the office, and the issue of reasonable accommodations will likely play a part in potential litigation.</p> <p><i>Pay Transparency:</i> Pay equity laws require salary disclosures, allowing claims without proving discrimination, which may complicate EPL coverage.</p>

# Cyber

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -5% to Flat	<p>Cyber insurance pricing during the first half of 2025 saw rate decreases and strong competition, with ample capacity in the market. On average, premiums declined in the first half, continuing a nearly three-year trend of reductions. This resulted in a buyer-friendly market, with insurers competing for business and often offering broader coverage, higher limits and more favorable renewal terms, especially for organizations with strong cybersecurity controls. Despite a rise in claims frequency, including notable systemic events and ransomware activity, insurer loss ratios remained stable or improved, largely due to improved risk management practices by insureds and decreasing ransomware payment amounts.</p>	 -5% to 5%	<p>Looking forward over the next 12 months, industry projections indicate that cyber insurance pricing is expected to remain stable, with continued moderate softening unless a major loss event alters this trajectory. The market is likely to sustain its buyer-friendly nature, supported by high competition, improved profitability and resilient capacity. For the near term, policyholders with robust risk controls should benefit from favorable pricing and broader terms, but heightened claim frequency and evolving threats may eventually ramp up underwriting scrutiny and, potentially, prices in late 2025 or early 2026.</p>
 <b>Limits</b>		<p>More carriers deployed \$10M in capacity for clients willing to take on higher retentions and who implemented strong cybersecurity controls. Most of our clients still purchase in blocks of \$5M. In some cases, clients are reinvesting their savings at renewal into higher limit purchasing.</p>		<p>Carriers will continue to strategically deploy capacity for accounts that maintain favorable cyber hygiene. First-party cyber insuring agreements will be limited or unavailable when cyber controls are not optimal. Clients who want to mitigate decreases to dependent business interruption should prepare to demonstrate strategic initiatives to mitigate vendor dependency and risk.</p>
 <b>Retentions</b>		<p>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>Given increased competition and capacity, we expect retentions to remain in line with the previous quarter and be relatively stable.</p>
 <b>Coverage</b>		<p>Carriers continued to reduce or exclude ransomware coverage when controls are not favorable. Many carriers look to address aggregation concerns by amending policy language. Notable market changes included affirmative cyber war, web tracking, biometric and wrongful collection exclusions. In some cases, we have seen carriers offer coverage specific to artificial intelligence.</p>		<p>Trend continues toward more restrictive policy wordings and coverages, especially around wrongful collection and systemic events. Clients will need to focus more on cyber hygiene controls (particularly multifactor authentication, endpoint detection and response, email filtering, secured/tested backups and privileged access management solutions), as well as media and biometric information handling to gain coverage. Carriers continue to try to differentiate coverage through industry-specific endorsements and affirmative language around AI and cyber related SEC matters.</p>
 <b>Carrier</b>		<p>Carriers continued to make cybersecurity hygiene a key component to offering coverage. However, increased players in the market have provided clients with optimal controls more opportunities to reduce premium. Coverage will be pared down when controls are lacking. Multifactor authentication, endpoint detection and response, and backups are critical components in the underwriting process. More carriers have made investments in offering clients assistance on implementing key controls and in rectifying vulnerabilities to drive better risks across their portfolio.</p>		<p>Carriers will emphasize the requirement for quality ransomware and cybersecurity controls. Use of noninvasive scans (BitSight, SecurityScorecard and Cyence) during the underwriting process will continue, and questions about findings and potential issues (e.g., open ports) will need to be remediated. Additional questions around vendor management, business continuity plans and employee training will continue to be part of the underwriting process. We expect to see an increase in capacity due to additional carriers entering the market.</p>
 <b>Claims</b>		<p>Social engineering and phishing attacks continued to increase as bad actors find new creative ways to exploit system weaknesses and a lack of vigilance from individuals when it comes to scrutinizing incoming messages. Frequency of ransomware incidents remains high, and the software supply chain continues to be a target for bad actors. Insurers are also grappling with emerging exposures related to data privacy violations, the increasing use of artificial intelligence. The federal government plans to cut back on CISA funding, which may result in more attacks. These multifaceted issues are forcing insurers to reassess underwriting approaches and policy terms in an ever-evolving digital risk environment.</p>		<p>Cyber claims activity is expected to continue to remain frequent as bad actors find more creative ways to trick employees into complying with rogue tasks or into mistakenly clicking on links or downloading information. Widespread events are demonstrating how connected we are and how impactful events can be (e.g., the widespread outage of auto dealer software in 2024). With the fast pace of transactions and the help of AI, it has become harder to detect many phishing schemes. Further, D&amp;O-like claims may continue to make their way further into the cyber world. While the SEC had been aggressive during the previous administration, the current administration has a stated goal of providing guidance as opposed to regulatory enforcement and litigation. The plaintiff's bar may step in to take the place of the SEC, as we've seen in other areas.</p>

# Private Equity

*R&W Insurance*



# Private Equity

## H1 Summary

The representations and warranties (R&W) insurance submission flow remained strong in the first half of 2025, continuing the momentum from late 2024. NFP experienced a sustained high volume of submissions, though growth has moderated slightly compared to the sharp increase seen in H2 2024. Average deal size has remained below historical norms, consistent with the ongoing trend of longer hold periods and a focus on add-on acquisitions. However, early signs of market rebalancing are emerging, with hopes that interest rate cuts in 2025 will stimulate larger transaction activity.

**Premiums have largely stabilized in H1 2025.** The average rate-on-line held steady around **2.5%**, with some downward pressure easing due to a more balanced supply-demand dynamic. Primary rates for deals over **\$1B** remain in the high **3%** range, while blended rates for excess layers continue to fall between **2.3%** and **3.1%**, depending on aggregate limits.

Claims frequency and severity remain elevated, reinforcing the long-term case for rate increases. However, competitive pressure among carriers has continued to suppress pricing adjustments. Appetite across industries remains broad, with insurers showing increased comfort underwriting historically challenging sectors such as healthcare, financial institutions and vice industries. Smaller transactions, including those with enterprise values as low as \$5M, remain insurable at commercially viable rates.

While two new carriers entered the R&W space in 2024, H1 2025 has seen notable shifts in market participation. One R&W carrier exited the market entirely, ceasing to write new business, while two others merged in a strategic consolidation move. These developments suggest that the buyer's market may be tapering.

In parallel, there has been a noticeable uptick in the use of tax liability and contingent liability insurance policies to address known issues in mergers and acquisitions transactions, offering buyers and sellers greater flexibility in allocating and managing specific risks outside the scope of traditional R&W coverage.



# Private Equity

## H2 2025 Outlook

If the trends observed in the first half of 2025 continue, the outlook for R&W insurance in the second half of the year remains cautiously optimistic, especially compared to the more volatile environment of the past two years. Prominent private equity leaders and asset managers continue to forecast a meaningful uptick in both the volume and value of acquisitions through the remainder of the year.



















However, market dynamics are shifting. One R&W carrier exited the market entirely in H1 2025 and two others merged, signaling a potential contraction in available capacity. Given the challenges faced by recent entrants in a buyer-friendly environment, further expansion seems unlikely in the near term. Instead, consolidation rumors have gained traction, and additional mergers or strategic exits could reduce competition and gradually shift the market toward a more balanced position in late 2025 and beyond.

We have experienced rising premiums for the first time since 2021, although pricing remains relatively low on a historical basis. Some of the larger carriers have been vocal about the need for higher pricing, citing sustained increases in claims frequency and severity. Still, the competitive landscape remains robust, and many carriers are reluctant to raise retentions to previous levels. Retentions are expected to stay flat for 2025, with the era of 1%+ retentions likely behind us.

While some markets may attempt to push rates and/or retentions higher to offset claims exposure, others are expected to maintain aggressive pricing strategies to gain or defend market share. This dynamic should help keep the market relatively accessible for buyers, particularly in the lower middle market.



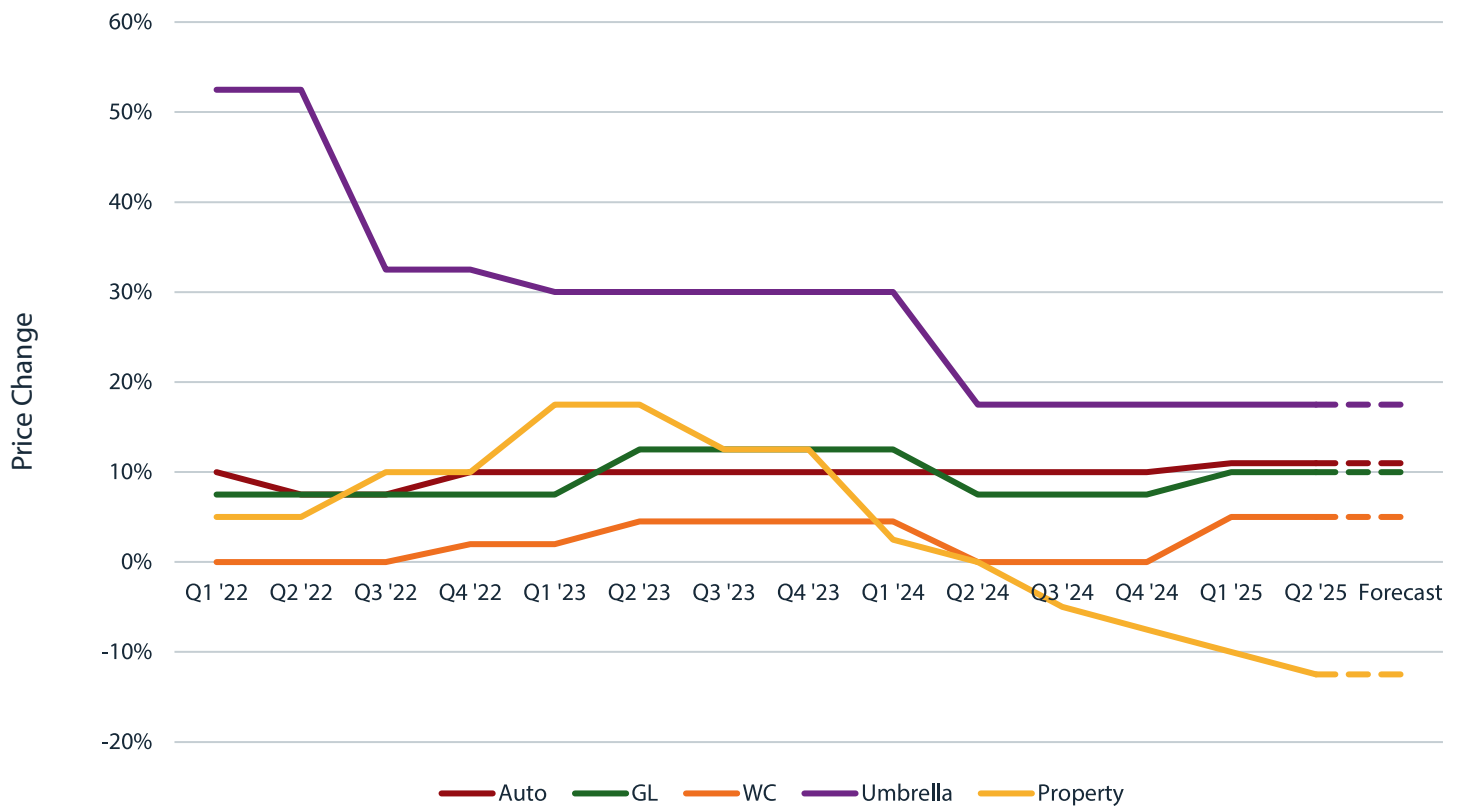
# Representations and Warranties Insurance

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 5% to 10%	<p>R&amp;W insurance pricing has continued to slowly increase over the past 12 months. Rates are still lower than they have been in the preceding years, but some carriers are focusing on only offering rates they feel can sustain expected claims levels.</p>	 Flat	<p>Over the next 12 months, R&amp;W insurance pricing is expected to remain relatively flat, barring any major macroeconomic shifts. Interest rate movements, regulatory changes, and broader mergers and acquisitions market activity will be the primary drivers of any potential pricing volatility.</p>
 <b>Limits</b>		<p>Insurance carriers have been more cautious on the primary limit offerings, and there has been no significant change to the limits being offered by most carriers. Most primary R&amp;W carriers can offer a \$30M limit policy for any particular transaction, and we are able to add excess layers to support multi-billion-dollar aggregate limits.</p>		<p>While some capacity providers may exit the market, we believe that most carrier limit profiles will remain unchanged.</p>
 <b>Retentions</b>		<p>Initial retentions on R&amp;W policies have stabilized in the H1 2025 to 0.4% to 0.7% of enterprise value on deals over \$200M. Smaller transactions saw decreases as well, with most under 1%. More 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 have remained stable on R&amp;W insurance in H1 2025.</p>
 <b>Coverage</b>		<p>As a general matter, breadth of coverage was stable heading into 2025. Interim breach coverage varies by carrier and is 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>
 <b>Carrier</b>		<p>One carrier has ceased writing new business and two others have consolidated in H1 2025, bringing the number of domestic R&amp;W carriers to 27.</p>		<p>Rumors of carrier consolidation and capacity provider pullback suggest we may have fewer carriers in the R&amp;W market by the end of 2025.</p>
 <b>Claims</b>		<p>Over the past several years, R&amp;W insurance claim severity and frequency has increased steadily. Some markets report a slight increase in claim frequency, while others report that frequency has not changed 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

## H1 Summary

### Casualty:

- Continued increasing general liability rates, particularly for habitational and retail/shopping center occupancies: between 10% to 15% rate increases common for clean, favorable accounts. Finding insurer interest in writing new retail accounts has become more difficult as premises liability claims continue to balloon. Smaller retail accounts may well continue to find insurer interest on guaranteed cost or with small deductibles, but many mainstream markets now require minimum self-insured retentions of up to \$100,000 for larger portfolios.
- Competition for office portfolios with limited to no retail/habitational exposure has increased markedly, resulting often in rate reductions, as insurers look 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) continue to suffer from insurer aversion and lack of competition. Legislative changes in Florida and potentially in other states are welcome, but consistent, positive impact are not yet widespread.
- Nonrenewed habitational accounts continue to take the most severe rate increases and excess capacity challenges, often with significantly increased retentions and adverse coverage terms/conditions.
- Exclusions continue to be the preferred method of dealing with the potential of any catastrophic loss potential or uncontrolled exposure, often with little negotiation unless the broker can effectively demonstrate that the exposure doesn't exist for a given client. 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 include New York labor law and independent contractors.
- Automobile rates continue to increase predictably by up to 15% at renewal, driven by large verdicts and settlements as well as increased costs of repair.
- The market for workers' compensation remains competitive as insurers vie this business to provide a buffer for the more volatile general liability and automobile lines.

**Market conditions for the first half of 2025 continue to be challenging for much of real estate.**

Renewals are challenged by more stringent underwriting demands and/or restrictions, often with markets changing appetite or terms/conditions with little to no leverage or recourse.

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 building owner/property manager.
- 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 continues to contract as insurers look to limit exposure to no more than \$15M at any attachment. Lead umbrella capacity is moving toward a new norm of only \$10M for favorable classes of business. Rate increases continue even for well-performing accounts as insurers struggle to price for loss trends.
- Renewals for insureds with risk purchasing groups (RPGs) continue to fare relatively well in securing high limits for less than traditional layered options. However, RPGs are not universally performing as well when competing for new business.
- Supported lead umbrella offerings are the most competitive and are 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 continue to result in significant increases for all insureds due to scarcity of stand-alone lead umbrella markets. Nonrenewed habitational-dominated risks very often must use three insurers to achieve the first \$10M of excess coverage at very steep and opportunistic pricing, often with adverse exclusions.
- The \$15Mx\$10M layer continues to draw competitive attention in most occupancies other than habitational, where most admitted markets will not consider attaching under \$25M or even \$50M.
- High excess capacity remains reasonably accessible after the \$25M attachment point. However, overall limits offered are no more than \$10M or \$15M and quota share options are becoming more prevalent as underwriters seek to limit exposure.



## Property

The improved market conditions that permeated the second half of 2024 have only accelerated in the first half of 2025. This was despite an active 2024 North Atlantic hurricane season, which saw two large hurricanes cause significant loss to the industry, as well as an active 2025 spring tornado season.

Based upon renewal activity during Q1 and Q2 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.
- Flat to -10% 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 have been buoyed through greater accessibility and competition among incumbent and new carriers offering additional and/or new capacity at modest pricing. Program structure realignment has 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 continues 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 are reaping the benefits of a “buyers’ market” either through affordable increased cat limits, decreased cat deductibles and/or reduced rates.

Valuations continue 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 are being 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 have largely been eliminated.

# Real Estate

## H2 2025 Outlook

### Casualty

The current marketplace trends are anticipated to continue into the second half of 2025:

- 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, is a routine occurrence, particularly in the nonadmitted space. Providing timely, coherent and detailed submissions 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 second half 2025 outlook for property-related lines of business is trending 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. 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 the rest of 2025 and beyond.

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 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, something not seen in the property marketplace for quite some time but something we're expecting to see increase throughout 2025 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	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 7% to 15%	Real estate owner/operators generally do not have large fleets, other than hospitality venues where shuttle vans are often utilized. Renewal rates continued to increase between 7% to 15% for well-performing accounts	 7% to 15%	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.
 <b>Limits</b>		The combined single limit of \$1M remained standard for automobile liability, although some umbrella markets require an attachment of \$2M/\$4M/\$4M, which may not be possible for all auto insurers.		\$2M/\$4M/\$4M attachment requirements are still not widespread, but useful as an option 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.
 <b>Retentions</b>		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.		No widespread change expected in the next 12 months.
 <b>Coverage</b>		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.		Availability of reasonably broad automobile liability and physical damage coverages are anticipated to continue over the next 12 months.
 <b>Carrier</b>		Automobile coverage is best obtained in conjunction other casualty lines for support. Stand-alone markets for monoline auto coverage, especially for clients with adverse loss experience, are not plentiful. Small regional carriers may still provide options through nonadmitted markets and/or traditional direct writers such as Progressive and State Farm.		Monoline auto markets will continue to be scarce due to the lack of additional casualty premium needed to balance the potential for severe losses.
 <b>Claims</b>		The automobile liability claims continue 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, and hospitality risks with guest shuttle vans carry the risk of multiple passenger injuries.		Flat to reduced rates are not anticipated in the foreseeable future, given the inherent danger and potential for severe losses that driving presents overall across industries.

# General Liability

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 5% to 15%	Office exposures are 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 are experiencing similar rate increases. Well-performing and well-placed habitational generally saw 15% to 20% rate increases, with nonrenewed accounts experiencing potentially much higher rates.	 5% to 15%	Well-performing non-habitational/hospitality accounts should continue to have reasonably stable renewals due to market competition for this sector. Insurers seem to be shying away from retail lessor's risk only, citing escalating claims. Poorly performing risks and nonrenewed habitational accounts will continue to struggle to find feasible market options.
 <b>Limits</b>		\$1M/\$2M/\$2M remained the standard limit offering. Per-location aggregate limits have stabilized, usually with policy caps of between \$5M and \$10M. Sublimits for assault/battery and/or sexual abuse/molestation (often with defense inside the limits) have become standard for some markets, particularly for habitational/hospitality risks.		The only umbrella carriers requiring a \$2M/\$4M/\$4M attachment are admitted insurers writing unsupported lead umbrellas. Nonadmitted excess liability insurers are not providing attractive credits for attaching at a \$2M/\$4M/\$4M general liability limit, preferring instead to simply provide very short layers excess to limit exposure. \$2M/\$4M/\$2M option should be sought as an option to bring all viable umbrella markets to the table, but not all insurers can offer these higher limits.
 <b>Retentions</b>		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.		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.
 <b>Coverage</b>		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.		Reducing coverage via exclusions, driven primarily by class of business, 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.
 <b>Carrier</b>		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.		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.
 <b>Claims</b>		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.		While carriers continue to deploy capital for well-performing, favorable classes of real estate business, generating limited competition for some insureds, claim frequency and severity of settlements continue to increase, dampening robust recovery overall.



# Workers' Compensation

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 Flat to 10%	<p>The workers' compensation 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 workers' compensation line, recognizing it to be a stabilizing premium source. However, pricing is not as soft as it was 12 months ago.</p>	 Flat to 10%	<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>
 <b>Limits</b>		<p>Workers' compensation limits are statutory, so not defined by the broker or carrier. The standard limit of \$1M for the employer's liability component of coverage has remained available without issue.</p>		<p>No changes foreseen.</p>
 <b>Retentions</b>		<p>Guaranteed-cost workers' compensation 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>
 <b>Coverage</b>		<p>Workers' compensation 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 have been no significant coverage changes or trends developing over the last 12 months.</p>		<p>No changes foreseen.</p>
 <b>Carrier</b>		<p>Insurer interest in workers' compensation remained strong, with some carriers looking to lead with sizeable workers' compensation exposures/premiums in the real estate sector to bolster the often more-challenging general liability performance.</p>		<p>Workers' compensation remains largely 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>
 <b>Claims</b>		<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. 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	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 10% to 25%	Umbrella pricing continued to rise, even for well-performing risks in favored occupancies. Nuclear verdicts, litigation tourism and financing high-profile claims all are continuing to drive upward pricing. A favorable renewal is in the 10% to 12% range, with 15% to 20% becoming typical. Market leverage is very constricted, as usually there are few options more competitive than the incumbent insurer, particularly for supported umbrellas.	 10% to 25%+	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.
 <b>Limits</b>		\$10M lead umbrellas are most common in the admitted space for favorable occupancies, although we are seeing 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 is any longer willing to offer \$25M in capacity at any attachment point, which requires securing additional capacity and cost to the tower.		We expect current trends to continue for the next 12 months, especially the reduction of capacity and/or requests to deploy higher capital at higher attachment points.
 <b>Retentions</b>		Minimal standard retentions still apply. Carrier pricing not impacted heavily with primary retention increases.		We expect current trends to continue for the next 12 months.
 <b>Coverage</b>		Most adverse exclusions are being driven by occupancy, insured-specific loss history, crime scores and more. Assault/ battery and sexual abuse/molestation exclusions are widespread for habitational risks, and we are seeing more exclusions for firearms, discrimination, animals and habitability. Recently mandatory human trafficking exclusions are being imposed on hospitality risks resulting from more of these claims being paid and/or alleged from higher-class hotels.		Coverage restrictions will persist throughout the next year. Formal safety and risk management plans around assault, sexual abuse and human trafficking are key in successfully negotiating exclusion removal, but in many cases will remain mandatory.
 <b>Carrier</b>		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 has become frequent. Insurers offering unsupported lead umbrellas required underlying general liability limits of \$2M/\$4M/\$2M and underlying automobile limits of \$2M combined single limit.		Carrier appetites are reactive to loss trends. With no sign of slowing claim frequency and severity, we expect the current course to persist through the year. In areas where appetite is static, we anticipate capacity to fluctuate.
 <b>Claims</b>		Three major claim trends continue to contribute to current market pressures: 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.		Claim trends will continue through the next 12 months, especially with the use of litigation financing.

# Property

Metrics	H1 2025 YOY Change	H1 2025 Commentary	12 Month Forecast	12 Month Forecast Commentary
 <b>Pricing</b>	 -25% to Flat	<p>Property renewal rates continued to soften through Q2 2025, but challenges remain for high-risk geographical areas such as California, Florida, and the Gulf Coast and Atlantic states due to increased loss activity, the severity of extreme weather events and contracting insurer capacity. A well-documented example is the Los Angeles wildfires, with industry loss estimates circa \$30B; we expect those insureds with potential wildfire exposure to be subject to greater underwriting scrutiny and analysis.</p> <p>Based upon renewal activity during Q2 2025, we saw the below high-level rate variables with renewal and new business placements:</p> <ul style="list-style-type: none"> <li>-25% to -5% change for shared/layered accounts with strong loss histories</li> <li>-10% to flat rate change for single carrier accounts with strong loss histories</li> <li>Historically loss-challenged accounts are still being underwritten from a profitability perspective so rates on these are still volatile.</li> </ul>	 -25% to Flat	<p>As the property marketplace continues to garner further positive momentum, many insureds will be the benefactors of such healthy competition among underwriters, with the desire to retain existing business while driving growth for new business growth goals fueling dynamic changes to account rates and pricing:</p> <ul style="list-style-type: none"> <li>-25% to -5% change for shared/layered accounts with strong loss histories.</li> <li>-10% to flat rate change for single carrier accounts with strong loss histories.</li> <li>Historically loss-challenged accounts are still being underwritten from a profitability perspective so rates on these are still volatile.</li> </ul>
 <b>Limits</b>		<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 cat loss sub-limits – such as high-hazard flood – due to more affordable cat capacity funded by such savings. Some insureds are also seeing 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>
 <b>Retentions</b>		<p>Creative deductible solutions (such as introducing a plus aggregate) are becoming more commonplace during renewal marketing strategy discussions, particularly for loss-sensitive accounts. Stand-alone deductible buydown programs are also becoming 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 is also becoming evident, although some 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.</p>
 <b>Coverage</b>		<p>Certain coverage extension sublimits that were previously reduced or excluded are now beginning to be increased or included such as civil/military authority ingress/egress and service interruption. Some underwriters are also willing to adopt a broker manuscript policy form which traditionally affords broader coverage than a carrier policy form. Non-concurrencies 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>
 <b>Carrier</b>		<p>New traditional market entrants, as well as alternative risk transfer options and proprietary sidacar arrangements, saw significant and plentiful capacity availability. London, Bermuda and U.S. excess and surplus lines carriers continue aggressive marketing as an alternative to traditional domestic capacity. Single-peril carrier options, particularly around high-hazard flood, has 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 both single and 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>
 <b>Claims</b>		<p>Advocacy for carrier claims still faces 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 L.A. wildfires and recent tornado/hail storms.</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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