Market Pulse Q2 Bulletin

Understanding Where Risk is Moving in 2026, and How Businesses Can Stay Ahead

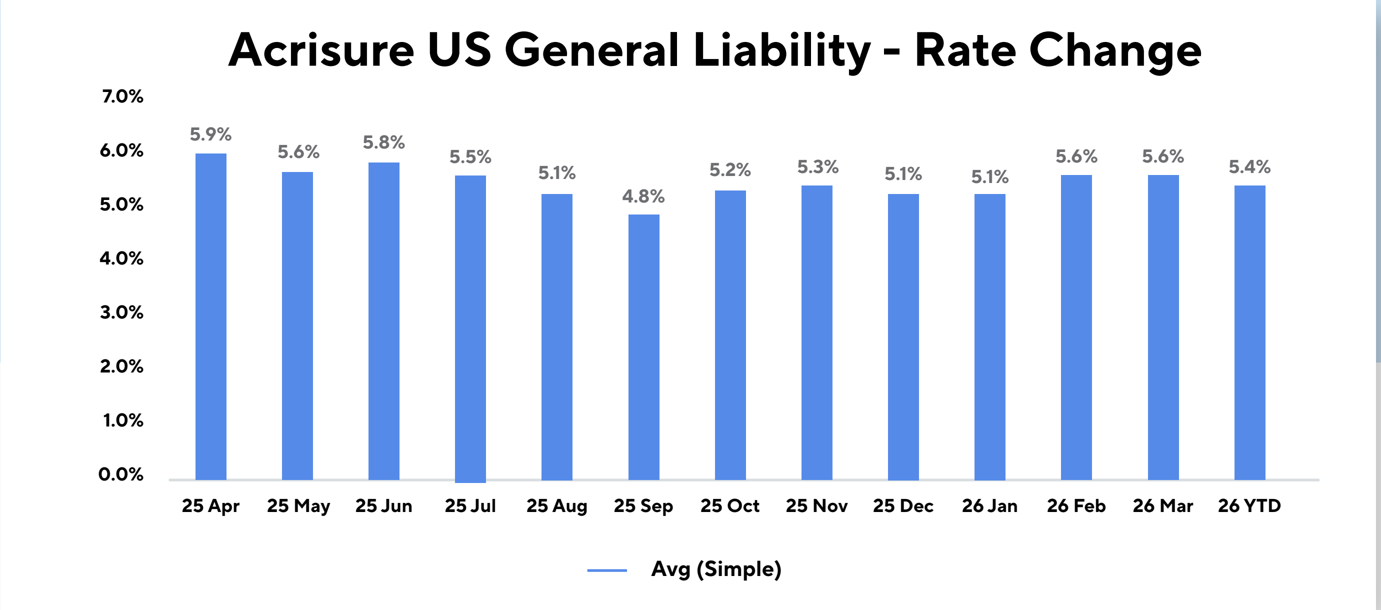
As small-to-medium-sized businesses (SMBs) continue to navigate an evolving insurance marketplace, important shifts are taking place beneath the surface.

Building on insights from the inaugural Acrisure Market Pulse report, this edition updates Acrisure's General Liability Price Index and introduces a new E&S Flow Tracker. By examining the movement of business between admitted and surplus lines markets, the analysis provides a clearer view of where risk is being redirected and how carrier appetite is changing. Together, these insights can help businesses better understand today's market dynamics and prepare for what's ahead.

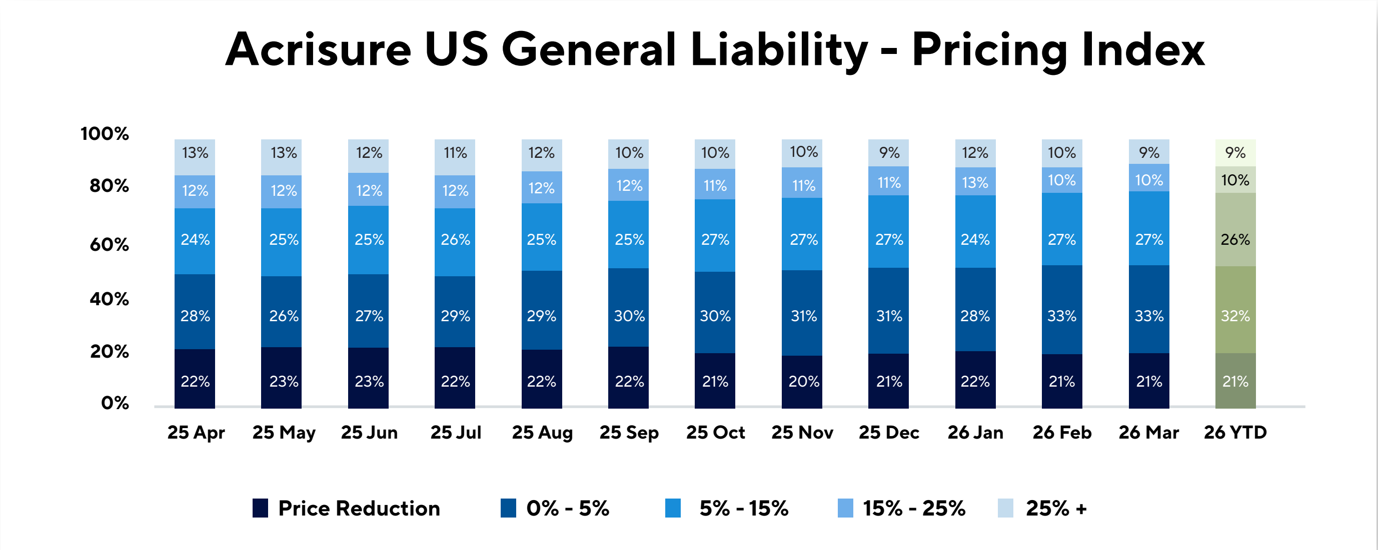
About the Data

Acrisure's proprietary AI-driven technology platform, Auris℠, harnesses a vast repository of data to deliver personalized, data-driven solutions for clients. The platform, combined with Acrisure's analytics engine, aggregates renewal data across thousands of accounts representing billions of dollars in retail and wholesale premium throughout the United States. This dataset provides a unique view into trends affecting the SMB sector and serves as the foundation for insights featured in Market Pulse.

General Liability Pricing Remains Resilient in Q1 2026



Acrisure data suggests that general liability pricing in the SMB segment is holding through the early part of 2026. Carriers continue to achieve pricing increases, reinforcing the insulation effect highlighted in the inaugural Market Pulse report, which showed that SMB pricing trends to lag broader market cycles. This dynamic remains evident despite emerging signs of softening across the wider insurance marketplace.



The severity of pricing action moderated slightly in Q1, with fewer accounts experiencing the highest levels of rate impact compared to Q4 2025. So, while pricing remains positive overall, early indicators suggest a gradual softening trend.

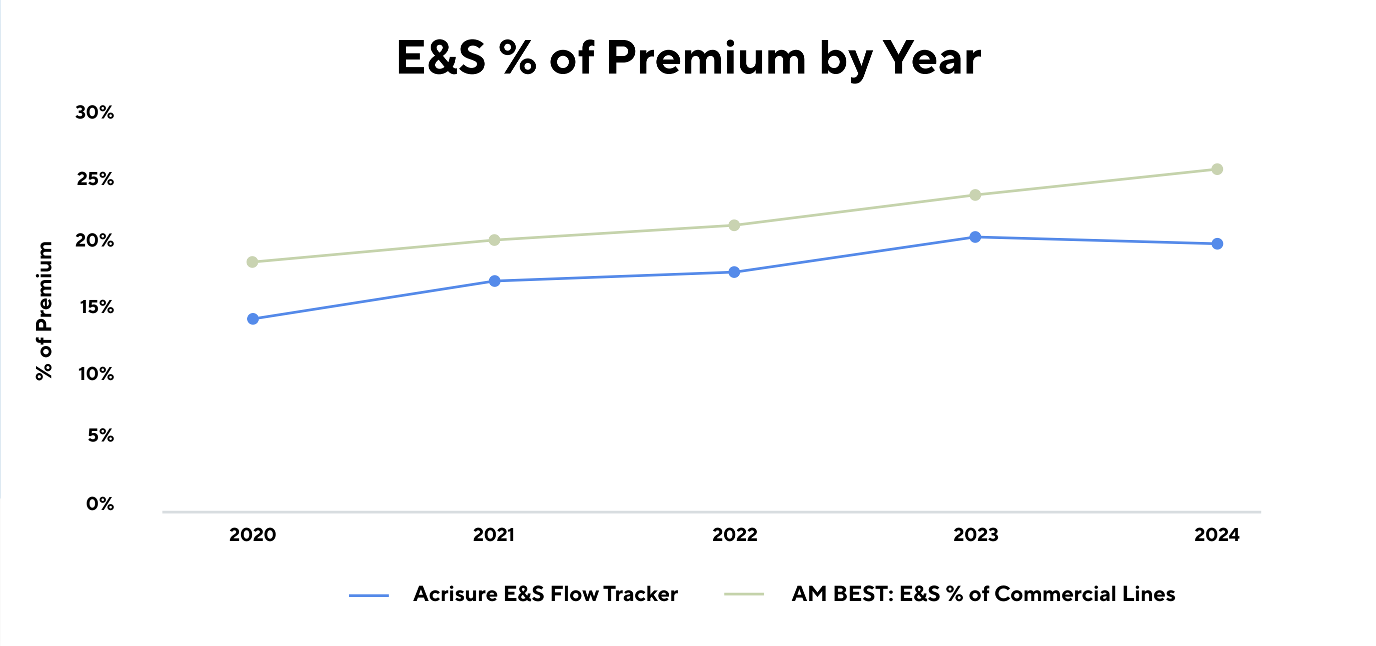
Tracking the Growing Role of the E&S Market

The U.S. excess and surplus (E&S) lines market has evolved from a destination for hard-to-place risks into a critical segment of the broader property and casualty (P&C) landscape. In 2023, U.S. surplus lines direct premiums written exceeded $100 billion for the first time. That growth continued in 2024, reaching $129 billion[1], with premiums projected to climb to approximately $140 billion in 2025[2].

By the end of 2024, surplus lines accounted for 12.3% of all U.S. P&C direct premiums written, up from just 3.6% in 2000. Within commercial lines, the E&S market represented 25.7% of direct written premium[1]. If projections hold, more than one-third of every commercial P&C premium dollar will flow through the E&S market.

While that growth is well understood at the broader market level, there has been less visibility into how it is playing out within small commercial. With 7% of U.S. businesses being Acrisure clients[3], and 96% of our commercial client base employing fewer than 100 people, Acrisure can provide unique insights into how risk is moving across the E&S marketplace.

1. Source: AM Best, Market Need for Specialized Expertise Propels US Surplus Lines Market, 2025 Market Segment Report; see also WSIA, 2025 AM Best Annual Report Highlights.
2. Dowling & Partners Securities, LLC, market commentary on U.S. E&S penetration, 2024/2025.
3. Based on U.S. Census data on Statistics of U.S. Businesses (SUSB) number of Firms in the United States. Includes North America Retail and Specialty business clients.



Acrisure data shows that 20.1% of SMB premium was placed in the E&S market in 2024, compared with 25.7% across the broader commercial market. As expected, a higher percentage of premium continues to flow into E&S for larger, more complex risks. Small businesses tend to have more standardized risk profiles and greater consistency across industries, which makes them better suited for the admitted market. As a result, a smaller share of SMB premium is placed in the E&S market.

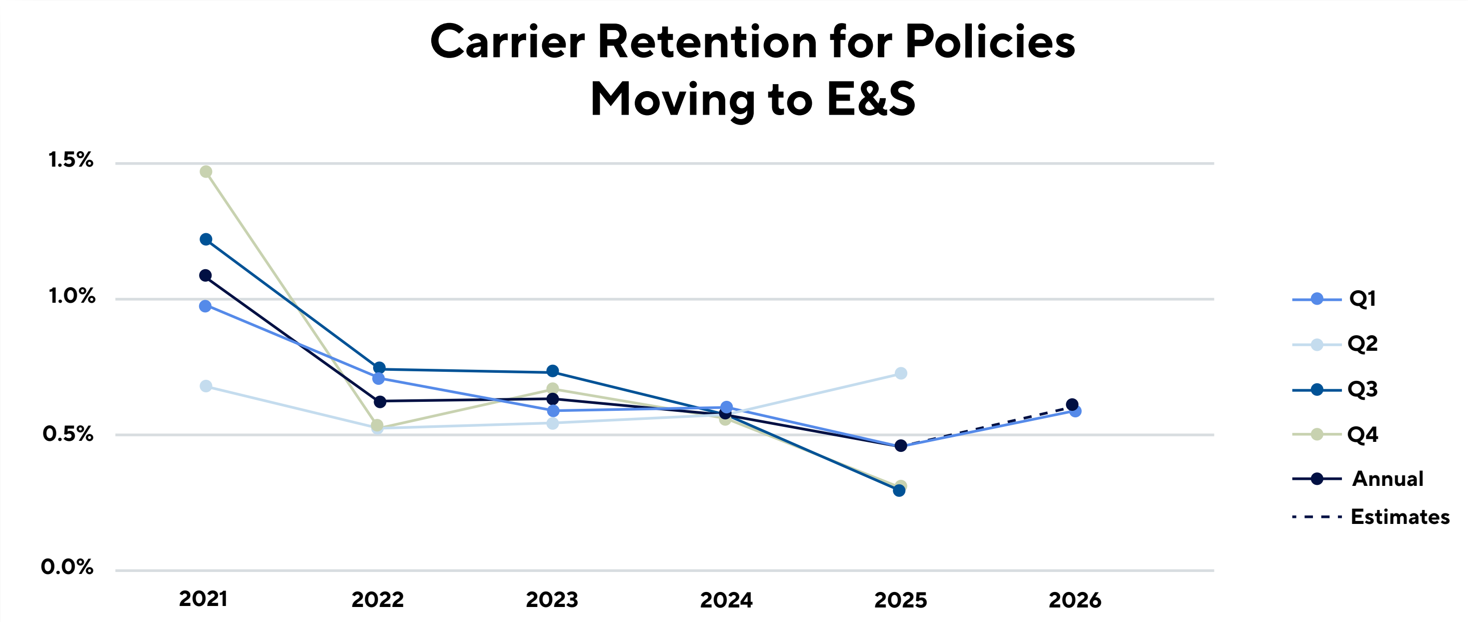
"The shift has been less pronounced than in larger accounts, suggesting small commercial may be reaching a natural ceiling for E&S adoption due to the characteristics of its insured base."

Since 2020, E&S market share has grown by 5.7% within Acrisure's small commercial portfolio, compared to 6.9% across the broader commercial market[1]. While both segments have shifted toward E&S, the transition has been less pronounced in small commercial.

The data also suggests that E&S adoption among SMBs began to level off in 2025, indicating the market may be approaching a natural ceiling driven by the more standardized risk profiles of SMBs.

Shifting to E&S Often Means Changing Carriers

The data shows that once a business moves from the admitted market to E&S, they typically change carriers. Although industry trends indicate many admitted insurers have established affiliated E&S operations in recent years, most have not retained policyholders through that transition. Instead, placements are increasingly shifting to competing carriers, specialty markets, and alternative underwriting solutions.

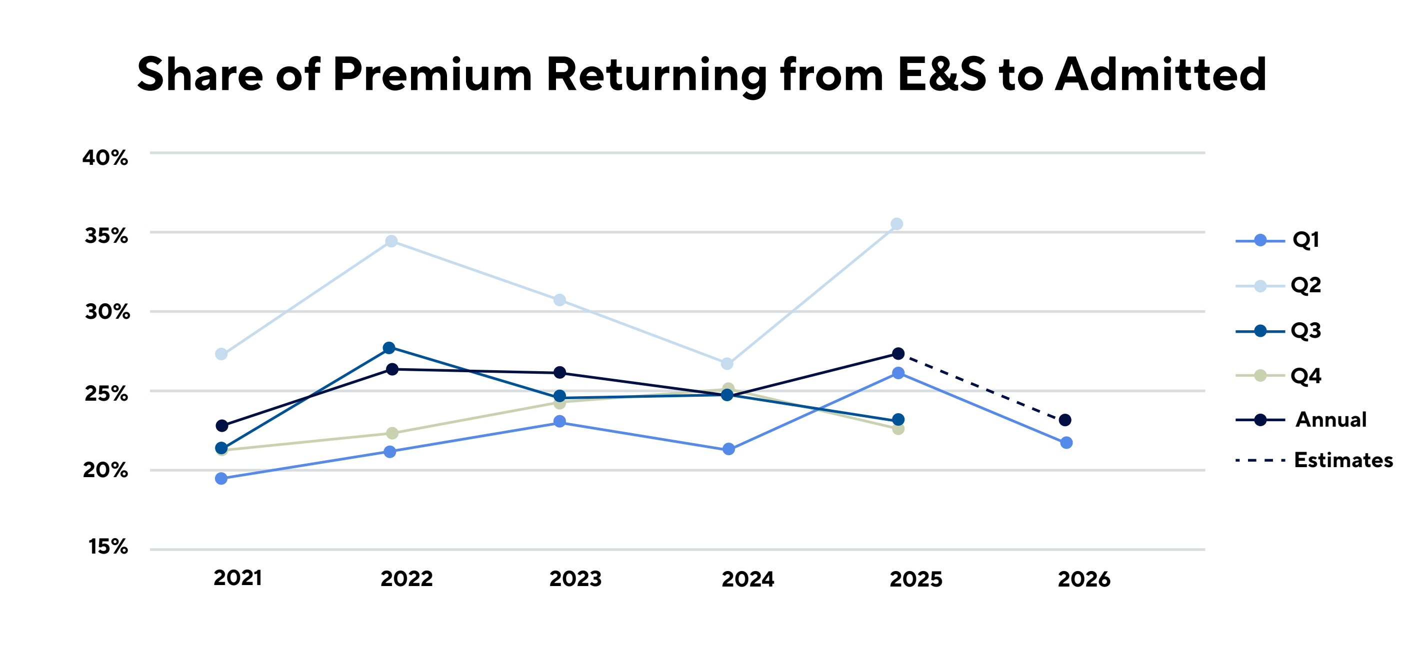


Acrisure data reinforces this trend, showing that over the past five years, fewer than 1% of SMB policies moving into the E&S market have remained with the same carrier. As the percentage of small commercial policies being placed into the E&S market has grown, this has become an increasing drain on some well-established small commercial specialists.

"Carriers focusing on the small segments are having to catch up fast after dedicating less attention to this space owing to the combination of premium size and slower onset of E&S in small commercial."

Carriers in the middle and large market, where higher premiums create stronger incentives to retain business, have generally done a better job of maintaining relationships as accounts move between marketplaces. In small commercial, however, carriers are having to catch up after historically dedicating less attention to the segment, given the combination of smaller premium sizes and the slower onset of E&S adoption.

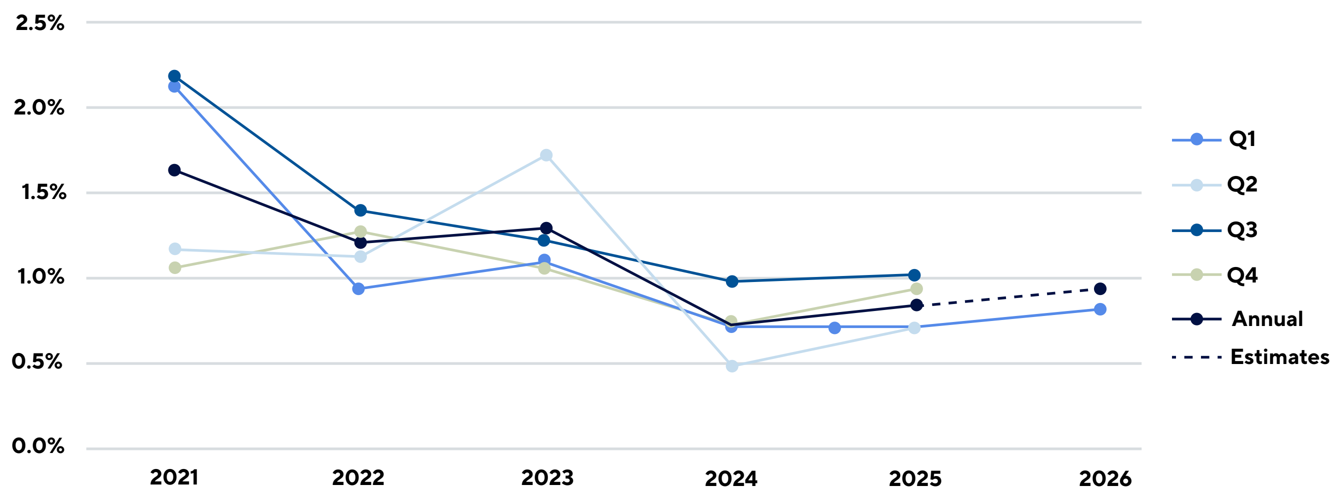
Movement Back to the Admitted Market



While the broader trend continues to favor the E&S market, many policies do return to the admitted market over time. Acrisure data shows that E&S accounted for nearly 60% of all marketplace changes in 2023 before easing to 55% in 2025, reflecting some moderation in the pace of movement.

Movement back to the admitted market is more common among small commercial accounts. Larger, more complex risks are less likely to return, as E&S placements more often become long-term solutions.

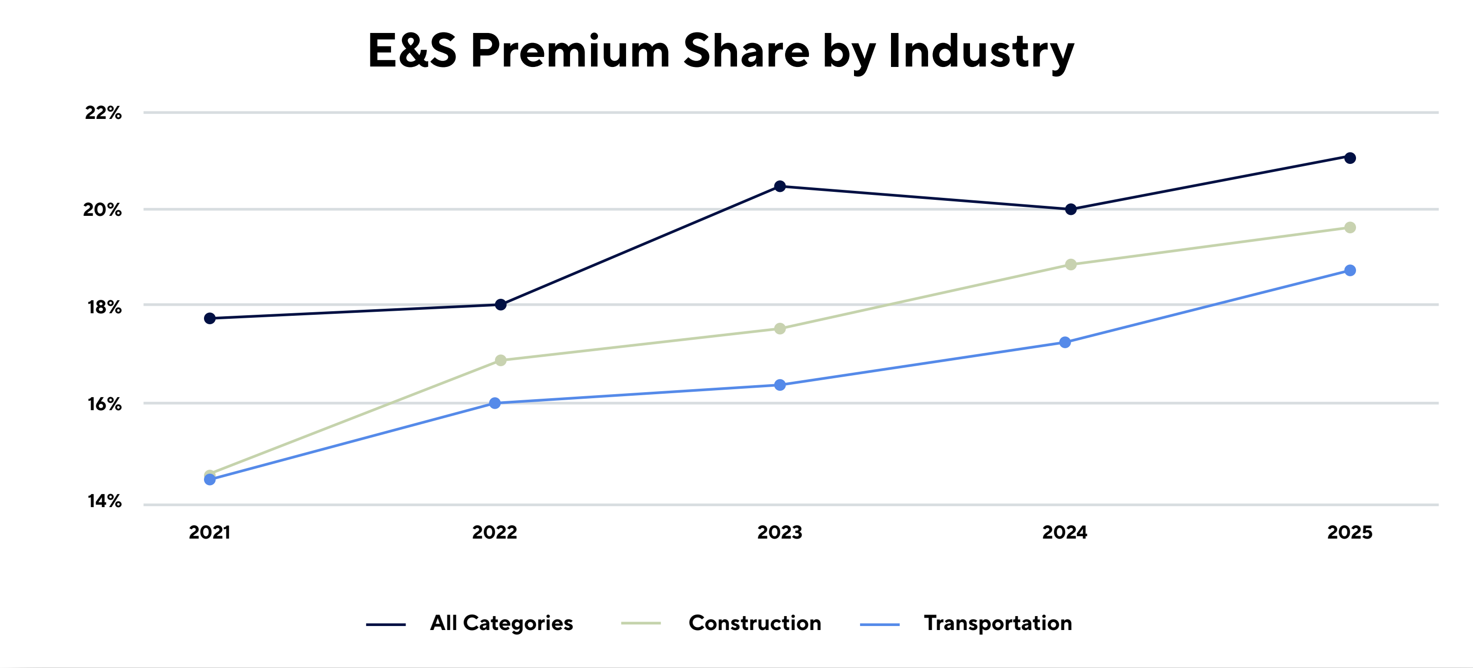
Carrier Retention for Policies Returning to the Admitted Market



However, when small commercial policies do move back to the admitted market, they don't often return with the same parent carrier. Many SMB accounts placed in E&S end up with specialty providers rather than affiliated insurers, which makes a return to the original carrier less likely.

Where E&S Adoption is Accelerating

Acrisure data highlights transportation and construction as industries where E&S share is rising more rapidly. Both sectors include segments that must remain in the admitted market, which keeps overall E&S usage lower. However, because these industries deal with more complex and specialized risks, more of that business continues to flow into the E&S market.



Over the last five years, the share of premium in the E&S market has grown by 4.3% in transportation and 4.9% in construction, compared to 3.8% across all categories. While the overall share in these lines for E&S is lower due to structural factors, the rate of growth in E&S utilization has been significantly more pronounced.

A Market Defined by Movement

The movement of business into the E&S market has been one of the defining insurance trends of recent history, and the SMB segment has followed that trajectory.

However, Acrisure data suggests SMBs continue to behave differently than many larger commercial accounts. E&S utilization remains lower overall, the shift between markets has been more gradual, and businesses appear more likely to return to the admitted market over time.

The data also highlights the growing importance of carrier retention. When businesses move between admitted and surplus lines markets, they frequently change carriers in the process, creating more competition among insurers and, in turn, more variability for SMBs in the marketplace.

As carrier strategies continue to adapt, monitoring where risk is moving – and why – becomes increasingly important. Understanding these shifts can help businesses anticipate change and make critical decisions with confidence.

Key Takeaways

- E&S penetration remains lower in the small commercial segment than in the broader commercial market (20.1% vs. 25.7%)
- Growth in E&S adoption has been more gradual in the SMB segment than across the broader commercial market (5.7% vs. 6.9%)
- E&S adoption in small commercial may begin to level off earlier, even as the broader market continues to grow
- When SMB policies move between admitted and surplus lines markets, they typically change carriers in the process
- A meaningful share of SMB business returns to the admitted market, almost the same volume as is flowing into the E&S market

Methodology & Data Notes

Data Source: Auris^{SM}and Acrisure's data engine aggregates renewal data across >1,000,000 accounts. The analysis on E&S included in this release relates to nearly 4.5 million policies across more than 600,000 commercial lines clients. The analysis on GL relates to 90,000 policies. The reduction in sample size comes from a commercial lines focus, with policies including general liability.

Industry Segmentation: The targeted sample features construction and transportation risk. These densities of high-risk industries should be factored into conclusions drawn from the pricing analysis included in this report. For future iterations, as the Acrisure team dives deeper into specific geographies and industry segments, these concentrations will become more pronounced and the bias associated should be considered.

General Liability Definition: Acrisure GL customers are all Acrisure retail commercial P&C customers who purchased a policy containing general liability. If other coverages are bundled with GL, total premium is included.

Client Profile: 96% of Acrisure's North American Retail commercial lines clients have 100 or fewer employees.

Carrier Mix: 75% of GL policies are with admitted carriers; 25% are E&S

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