

U.S. casualty:

Stable capacity endures
despite claims inflation

In 2026, the North American energy casualty market is facing varying conditions across different sectors, with claims inflation impacting both primary and excess liability markets, albeit at varying degrees.

Key takeaways

- U.S. primary liability has remained somewhat stable from a capacity standpoint year-on-year, with auto-heavy and loss-heavy oilfield services (OFS) companies experiencing the effects of capacity constraints
- The London market has increased appetite for general liability and lead umbrella business, which has helped to offset the U.S. markets' reduction in available capacity
- Excess liability remains stable for most segments within natural resources, though some capacity has retracted domestically while increasing in the London marketplace, while Bermuda remains steady, with certain carriers offering less limit while new capacity has recently entered the space
- Claims inflation has continued to impact pricing in the first \$25 million of many programs, but overall capacity remains plentiful for many risks, keeping rate increases lower than markets would prefer





Primary liability market capacity is stable

The primary liability market, including workers compensation, general liability, and auto liability, remains stable due to manageable primary limits, risk-transfer attachment points, and ample overall capacity.

Most sectors are experiencing flat to low-single digit increases (1-3%) on workers' compensation and general liability renewals in 2026 for profitable accounts. Auto liability remains a challenge for most markets due to social inflation, which is continuing to see high single-digit or low double-digit rate increases due to claims inflation and an overall increase in litigated claims.

Despite the challenges faced in auto liability, where carriers are still struggling to reach profitable combined ratios despite a decade of rate increases on renewal books of business, capacity in most sectors remains plentiful. Certain segments (those deemed to have less severity for workplace injuries and accidents) are seeing a surplus of competitive capacity as primary carriers are focusing on risks deemed less severe. General Liability capacity in London is plentiful, with multiple options being offered by specific markets on a standalone and/or quota-shared basis.

General liability rates are flat to low single-digit increases

General liability rates for upstream, midstream/downstream, power/renewables, and chemical segments are expected to range from flat renewals to low single-digit increases in 2026. Capacity remains at record levels for many sectors in the Natural Resources space due to London's emergence as a real option for many companies.

Workers' compensation remains profitable

Workers' compensation remains profitable and stable for most sectors, with small rate increases sought on renewals and flat renewals being offered by specific carriers. This line of business has kept many overall primary liability portfolios profitable for many carriers, offsetting the increasing pressure of social inflation on the auto liability and general liability lines of business.

Incumbent markets are seeking low rate increases in this sector, citing medical inflation as a primary reason, but many carriers are willing to offer more competitive renewal terms when marketing. Since the sector is seeing an uptick in severity of workplace injuries, OFS companies and industrial contractors are seeing larger rate increases if they have negative loss records.

Carriers are putting pressure on retentions and pricing for clients with losses in this segment, as the industry is seeing an uptick in a workers compensation claim turning into a litigated general liability ‘action-over’ claim.

Auto liability remains challenging

Auto liability remains a significant issue for primary insurers, as the industry is seeing an uptick in litigated auto claims and settlements, particularly in areas like the Permian Basin, Louisiana, and South Texas.

A well-funded plaintiff’s bar continues to focus on commercial auto litigation and accident frequency continues to trend upwards for many insured in the energy industry, which does not bode well for auto liability rates in the year ahead. Jurisdictions that used to be considered neutral are now becoming plaintiff-friendly venues as well in places like the Permian Basin (and Harris County) where activity is concentrated and frequency of losses is high. Areas such as Louisiana and South Texas continue to be challenging venues.

Despite rate increases that have averaged in the double-digits over the past 10+ years, carriers are still struggling to achieve profitability in this segment due to the increase in litigated claims and associated demands.

Excess liability market

Lead umbrella and first \$25 million of programs

Despite the continuation of an increase in claims inflation, capacity remains stable year-on-year as many carriers are focusing on shorter (\$5 million to \$10 million limits) and the London market is willing to offer quota-share options as an alternative to the U.S. marketplace. This segment bears watching, as litigated claims and higher settlements continue to plague many sectors in natural resources.

Capacity within the first \$25 million remains cautious due to lawsuit abuse issues in the U.S. and the first-excess layers above a lead umbrella need to be monitored, as capacity is becoming a bit tighter year-on-year.

Above \$25 million

Capacity remains plentiful above \$25 million, with most segments seeing a surplus of options in both the domestic and London marketplace.

While the domestic excess liability market continues to contract, specifically concerning limit amounts offered by U.S. markets, the London and Bermuda markets have slightly increased capacity and appetite, which has offset any capacity issues overall. Insureds in all energy industries will find ample overall capacity to complete

excess liability towers, with most segments seeing a stable year-over-year marketplace.

Upstream energy capacity remains stable

Capacity remains stable for both onshore and offshore operators in 2026. While we have seen an exit of a prominent managing general underwriter (MGU) facility domestically, the London market’s appetite has increased greatly, with a record number of carriers/syndicates willing to offer capacity to insureds in this sector. Domestic (non-MGU) capacity remains stable in 2026, with multiple options available for operators.

Midstream and downstream segments continue to face challenges

Challenges endure, due to an increase in third-party contracting claims, but capacity remains relatively stable year-on-year. The domestic lead umbrella marketplace is expected to seek high single-digit or low double-digit rate increases and capacity is challenging due to limited options, while we expect capacity above \$25 million to offer flat to single-digit increases during renewals.

Trends to watch: Market concerns

- **Contractor injuries/limits:** As was the case in 2025, most of the larger claims impacting excess liability continue to center around workplace injuries sustained by contractors. Contractual requirements for third-party on-site contractors and hired trucking firms remain a focus for liability markets. While many companies in the energy sector utilize 'tiered-limit requirements' for evidenced excess liability contractual limits, the increase in claims settlements and awards are beginning to outpace these historical limit requirements. Hiring companies' insurance programs are beginning to become more exposed to large workplace injuries or hired-trucking accidents
- **Take action:** Clients should focus on revisiting 'tiered limit' requirements that seemed acceptable for the past 10-15 years to offset exposure to their liability programs as the hiring or partially negligent party
- **Continued underwriting focus on fleet safety programs:** As a result of the increase in auto liability settlements, insurers are paying closer attention to buyers' fleet safety programs

- **Take action:** It is strongly recommended that buyers provide details of their auto safety programs in submissions and renewal presentations to differentiate themselves from their peer companies; they should also continue to focus on driver criteria improvement and consistency in applying standards for company vehicle use and policies. Driver training, consistent MVR reviews, telemetric devices in vehicles as well as in-cabin cameras in heavy tractors can assist in differentiating risks for both primary auto and, more importantly, excess liability markets. However, if buyers are not actively enforcing in-force company fleet safety procedures, plaintiffs' counsel have argued that lack of enforcement can increase the company's negligence in a lawsuit

To discuss how to prepare for 2026 trends, please contact:



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This update analyses our observations of the current global market conditions for renewable energy insurance and the impact this has on insurance buyers. This update is based on our observations of the market for our WTW clients and is not a whole of market review.

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