wtw | Willis

Insurance Marketplace Realities

Spring update

2026



TABLE OF CONTENTS

1/ Introduction 3

Executive summary 4

Navigating the digital infrastructure revolution
A risk framework for modern data center 6

The Specialized Edge: Perspectives from Tomorrow's Broker to Protect Your Future 10

2/ Major product lines 14

Property 16

Casualty 25

Middle market 45

Canada casualty 60

Canada property 64

Bermuda 67

3/ Professional liability lines 71

Cyber risk 73

Directors and officers liability 77

Employment practices liability 84

Fidelity/crime 88

Fiduciary liability 90

Financial institutions — FINEX 98

Professional Services 103

4/ Specialty lines and solutions 106

Alternative risk transfer 108

Architects and engineers 110

Aviation and space 114

Captive insurance 119

Construction 122

Crisis management 130

Energy 133

Environmental 139

Healthcare professional liability 142

Managed care E&O and D&O 146

Marine cargo 150

Marine hull and liability 152

Personal lines 157

Political risk 162

Product recall 169

Private equity — Property and casualty 171

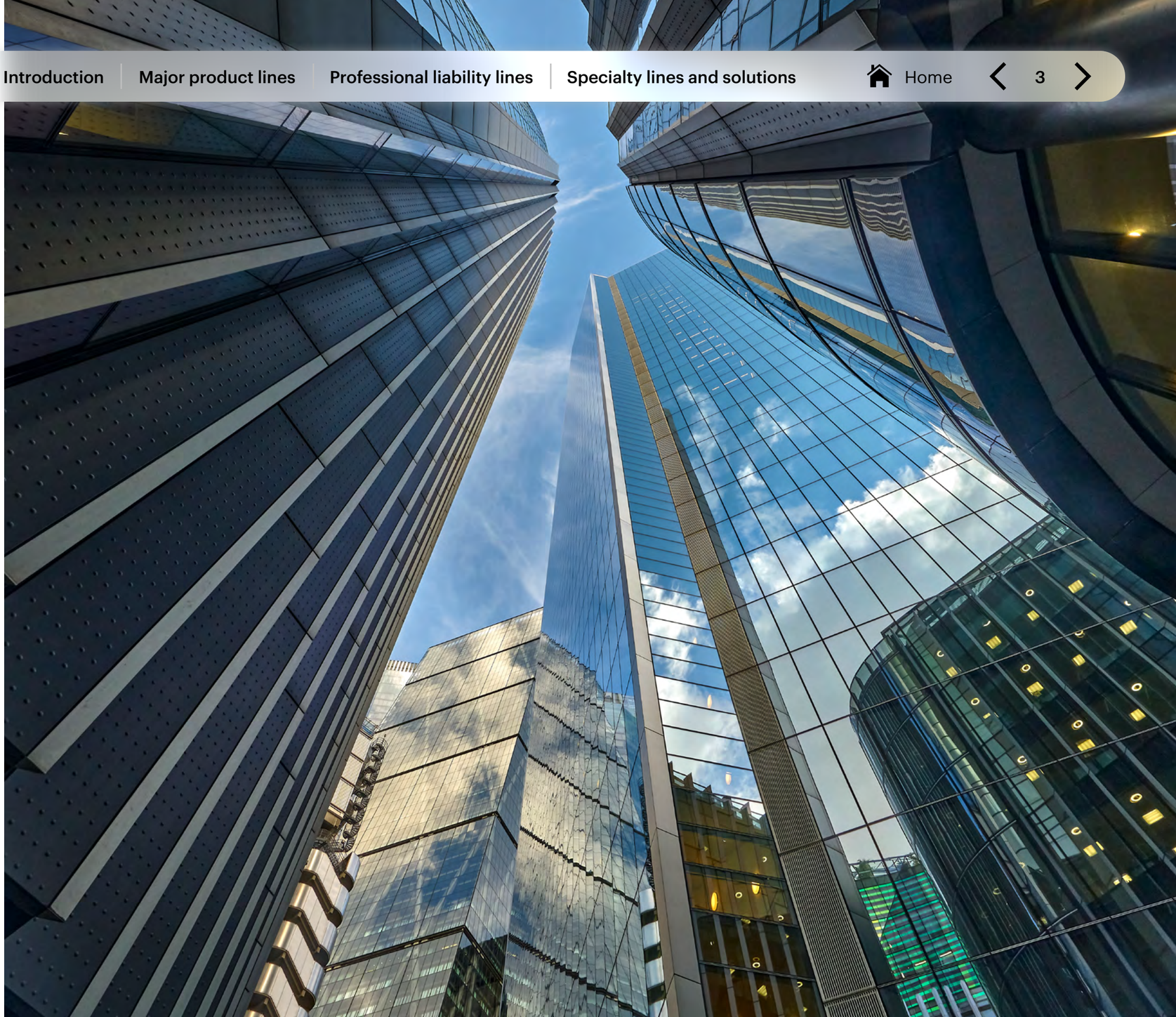
Senior living 174

Surety 177

Trade credit 181

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Introduction



Insurance Marketplace Realities 2026.
Copyright © 2026 WTW. All rights reserved.

Executive summary

Welcome back to our Insurance Marketplace Realities Report. As we reflect on the past year and the first quarter of 2026, it’s clear that the market remains a buyers’ market in many lines of business for risks with favorable loss history, risk mitigation plans, redundancies and quality data. There are notable exceptions — auto liability, unsupported umbrella excess liability and a handful of particularly challenging industries that continue to present unique hurdles. We're also seeing challenges in pricing, coverage restrictions and/or available aggregates in lines of business such as Political Violence, Terrorism and Marine for risks with exposure in the Middle East.

We continue to face challenges which affect the risk landscape and the industry as a whole. Key factors continue to be tariff uncertainty, climate volatility, third-party litigation funding, AI and digital dependency, geopolitical instability and changing alliances. We address the potential effects on the market in many lines of business within this report.

The North American market environment does open up opportunities. There’s potential to redeploy cost savings in core lines of business such as Property and Financial Lines toward increased policy limits, enhanced retention protection and creative alternative structures that can address the evolving risk landscape. This is especially relevant for emerging and evolving risks, which are demanding more innovative solutions.

As you'll notice throughout this edition, technology is at the heart of the transformation we're experiencing. The rapid pace of technological advancement isn't only enhancing our business operations but also driving unprecedented efficiencies. With our specialized edge and perspective as tomorrow's broker, we believe the future is happening now and it's essential to embrace AI-enabled technologies that enhance our service delivery to both clients and colleagues. Technology has enabled us to enhance facilities such as **Gemini**, our global, multi-line follow facility and our Aquarius strategy, which is delivering digital insurance solutions to small to mid-size businesses.

This year, we’re particularly excited to spotlight both Willis and Newfront within this report in an interview with Lou Smith, Head of Digital Products and Services at Willis (a WTW business) and Spike Lipkin, Co-founder of Newfront and Chief AI Officer at WTW. And no insurance publication would be complete without a feature on digital infrastructure. We are pleased to highlight Tom Grandmaison and his article on navigating the digital infrastructure and data center revolution.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



While the format of this edition remains consistent — offering an overview and thoughtful reflections from our line of business leaders and industry experts — you'll also find that we've placed an even greater emphasis on specialization, adaptability and efficiency.

The industry is experiencing a pace of change that, not too long ago, would have seemed unimaginable. With this rapid evolution come both opportunities and uncertainties. We encourage our colleagues, carrier partners and service providers to keep thinking outside the box and to push the boundaries when crafting specialized solutions for our clients. We also encourage a proactive approach to risk differentiation. To navigate a landscape that shifts without warning, your competitive edge depends on harnessing data, analytics, and technology not just to keep pace, but to stay ahead. We believe that this edition of Insurance Marketplace Realities can help you plan your journey.

We hope you find this report insightful and that it helps illuminate the way toward a clearer, more confident future.

Contact

Jackie Bolig
Head of Placement and Broking Solutions for CRB North America
jackie.bolig@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Navigating the digital infrastructure revolution

A risk framework for modern data centers

As artificial intelligence (AI), cloud computing and digital transformation accelerate, data centers have become the backbone of the global digital economy. Demand for high-density computing power, driven by AI workloads and hyperscale cloud platforms, is reshaping how data centers are designed, financed and insured. This rapid growth is also redefining risk — requiring a more holistic and integrated approach to managing digital infrastructure.

The rise of hyperscale digital infrastructure

Hyperscale data center campuses now represent the next generation of digital infrastructure. These massive, high-capacity facilities involve multibillion-dollar investments and provide the computing, storage and networking capabilities that power AI models, software-as-a-service platforms and global cloud ecosystems. As organizations accelerate AI adoption, they are scaling data center footprints at unprecedented speed.

This growth is forcing the insurance and risk advisory markets to change. Traditional approaches focused on property damage and construction risk are no longer sufficient. The scale, complexity and energy intensity of hyperscale facilities introduce new exposures that span physical, cyber, regulatory, financial and reputational dimensions.

The key question for developers, operators, investors and insurers is no longer simply how to build more data centers — but how to design, finance and operate resilient, secure and sustainable digital infrastructure capable of withstanding interconnected shocks.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

A new paradigm: Integrated lifecycle risk management

To keep pace with industry transformation, leading organizations are adopting integrated risk management frameworks that span the full lifecycle of data center development — from site selection and design to construction, commissioning and live operations.

Under this model, data centers are treated not as static real estate assets, but as dynamic, mission-critical systems. Effective risk management now requires multidisciplinary expertise across construction, power engineering, network architecture, cybersecurity, operations and finance. Lifecycle-based frameworks connect technical, operational, financial and digital risks into a unified strategy, replacing siloed, project-by-project approaches.

Embedding risk expertise early in development enables better decision-making around site selection, power strategy, redundancy, resilience and insurability — while supporting long-term operational stability and investment performance.

A comprehensive digital infrastructure risk framework

Modern data center risk management must account for a broad spectrum of threats and interdependencies. WTW's digital infrastructure framework examines risk across multiple dimensions, including strategic, geopolitical, physical, financial, operational, cyber and reputational exposures. Several of these dimensions are shaping today's data center landscape.

Emerging and strategic risks

Geopolitical volatility has become a material consideration for data center development. Global supply chains for servers, networking equipment and power electronics rely heavily on concentrated semiconductor manufacturing hubs. Disruptions driven by geopolitical tensions, trade restrictions or supply chain bottlenecks can delay projects, escalate costs and constrain capacity.

Simultaneously, regulatory frameworks governing AI, data sovereignty, privacy and critical infrastructure are evolving rapidly across jurisdictions. Data center operators must navigate differing national approaches to AI governance, environmental policy and financial oversight — often while expanding across multiple regions.

Strategic risk management therefore requires continuous monitoring of regulatory change, geopolitical developments and supply chain dependencies, supported by scenario analysis, regulatory engagement and proactive risk mitigation tools. Data center project sponsors should consider innovative solutions such as trade disruption insurance (TDI) to help protect against supply chain interruptions and trade-related volatility.

Power and energy constraints

Power availability has become one of the most significant constraints on data center growth. High-density AI workloads are pushing total megawatt demand to unprecedented levels, placing pressure on grid capacity, transmission infrastructure and energy pricing.

These constraints create concentrated risk around grid reliability, fuel mix, interconnection timelines and long-term energy costs. Addressing these challenges requires proactive energy strategies, including on-site generation, microgrids, long-term renewable power purchase agreements and close collaboration with utilities.

Integrating power procurement and resilience planning into early design stages is now essential to aligning operational reliability, sustainability objectives and financial performance.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Climate, environmental and liability considerations

Data center operators face increasing expectations to build climate-resilient and environmentally responsible infrastructure. Site selection must account for physical climate risks such as flooding, extreme heat, storms and wildfires, while facility designs must support long-term resilience under changing climate conditions.

Water usage, emissions, waste management and community impact are also under growing scrutiny. In parallel, environmental and third-party liability exposures are rising, particularly as data centers are classified as critical infrastructure supporting essential services.

A robust risk framework integrates climate analytics, ESG commitments and liability management — ensuring environmental risk is treated as a strategic issue rather than a compliance afterthought.

Physical security and cyber risk

Data centers occupy a unique position at the intersection of physical and digital risk. Facilities must be protected from intrusion, vandalism and sabotage, while defending networks, data and workloads against increasingly sophisticated cyber threats.

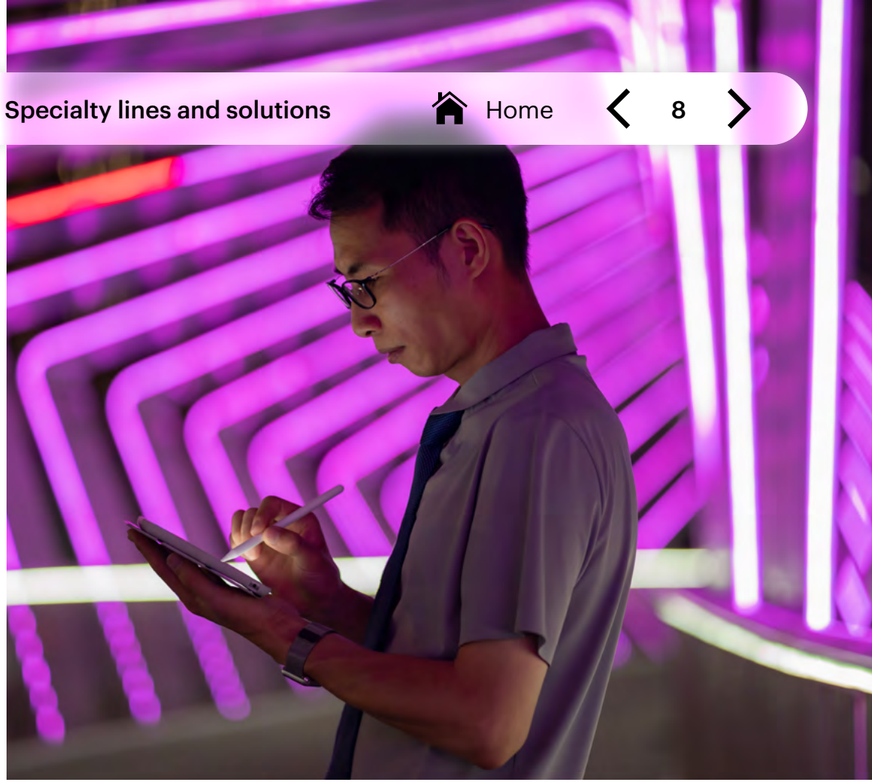
As automation, AI and remote management tools expand within data centers, the attack surface grows. This convergence of risks demands coordinated physical security controls, network segmentation, access management, incident response planning and business continuity measures.

Effective risk management also extends to construction-phase security, marine and transit risks for critical equipment and the long-term liability implications of data breaches or service interruptions.

Financial and market dynamics

The capital intensity of hyperscale digital infrastructure has attracted strong interest from banks, private equity and infrastructure investors. While appetite for data center assets remains robust, concerns are growing around sector concentration, valuation inflation and potential overbuilding in certain markets.

These dynamics elevate financing risk and increase the importance of transparent, data-driven risk assessment to support investment decisions. Detailed risk frameworks enhance lender and investor confidence while supporting more sustainable portfolio growth.



Insurance markets are also adapting to the complexity of modern data centers. High asset values, significant business interruption exposures, cyber dependencies and energy intensity require specialized underwriting and innovative risk transfer solutions. Early engagement with insurers — supported by high-quality technical and operational data — can improve capacity, optimize coverage and align insurance programs with broader risk strategies. Willis' Digital Infrastructure Protector is a product that provides clients with the right limit, the right terms and the right conditions for each individual project.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Strategic imperatives for digital infrastructure leaders

As AI adoption accelerates, organizations must continue evolving how they manage digital infrastructure risk. Leading strategies recognize that data center development is a continuous lifecycle, not a one-time project, and embed risk management throughout planning, construction and operations.

Key imperatives include:

- **Holistic risk assessment:** Expanding beyond traditional property and casualty perspectives to integrate strategic, geopolitical, regulatory, cyber, environmental and operational risks into unified decision-making
- **Integrated expertise:** Building cross-functional teams that combine construction, power engineering, IT and OT security, finance and regulatory compliance across the asset lifecycle
- **Advanced risk engineering:** Using analytics, modeling and engineering insights to strengthen supply chains, optimize site selection and enhance system resilience.
- **Proactive insurance strategy:** Treating insurance as a strategic tool that complements capital allocation and operational resilience, rather than a standalone procurement exercise
- **Regulatory agility:** Embedding regulatory foresight into digital infrastructure planning amid rapid evolution in AI, data protection and environmental policy
- **Sustainable development:** Aligning rapid growth with net-zero goals, community expectations and long-term environmental stewardship

Looking forward: Building resilience in the digital age

The convergence of AI innovation, cloud expansion and digital services ensures sustained demand for advanced data center capacity. At the same time, digital infrastructure risk is becoming more complex, spanning power constraints, cyber threats, climate pressures, regulatory scrutiny and financial volatility.

Organizations that adopt comprehensive, lifecycle-oriented risk management frameworks will be best positioned to scale responsibly while protecting against disruption. The goal isn't simply to build more data centers, but to develop resilient, secure and sustainable digital infrastructure capable of supporting AI and digital transformation over the long term.

Willis stands ready to support the sector through this evolution. As data center risks continue to mature and evolve, we are bringing forward innovative solutions to address emerging challenges—from power generation and grid reliability to evolving cyber exposures. Equally important is the need for alignment between the insurance industry and the financing community on acceptable standards for viable insurance risk. This alignment will be critical in enabling the capital flows necessary to support responsible infrastructure expansion.

The future of data centers is promising but demands disciplined, forward-looking approaches to the complex challenges these assets present. By embracing integrated digital infrastructure risk frameworks, ensuring global consistency and partnering with specialized advisors, organizations can confidently scale their data center portfolios and build the resilient backbone required for the next wave of technological advancement.

Contact

Thomas A. Grandmaison
EVP, Chief Client Officer
Construction
tom.grandmaison@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The specialized edge: Perspectives from tomorrow's broker to protect your future

Lou Smith, Head of Digital Products and Services for Willis (a WTW business) and Spike Lipkin, co-founder of Newfront and Chief AI Officer at WTW, discuss how shared capabilities, vision and values will drive better, faster experiences.

Question [Q]: How has WTW been digitizing the value chain?

Lou Smith [LS]: We've long been investing in digitizing the value chain through things like our Broking Platform, which modernizes how insurers and brokers can trade, and programs like Gemini, our global digital auto-follow facility. We're continuing to deliver digitized capabilities that make things easier for our clients, whether that's investing in fully end-to-end digital journeys for small to medium-sized businesses, or Risk Intelligence Central, which gives clients easy and efficient access to their risk information, or continually enhancing our risk and analytics capabilities so clients can optimize their risk and insurance.

We're always asking: How do we bring data back to our brokers as quickly as possible? How do we digitize more of the value chain? What do our tools look like in an AI agentic world? With the work we've done, the acquisition of Newfront and the coming together of WTW, Spike and the Newfront team, we're entering a really exciting new phase of answering these questions.

[Q]: How and why was Newfront created?

Spike Lipkin [SL]: I'd been buying insurance working at an investing startup and the experience was terrible: mountains of paperwork, filling out documents, sending them off to a broker (it wasn't WTW!) and then waiting, sometimes months, only to get back documents that might as well be written in a foreign language, then making payments to many different carriers and hoping what you bought will cover you when you have an issue.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Simultaneously, I saw other businesses and marketplaces like payroll and banking digitize and move to the cloud. There was an opportunity to bring the entire insurance marketplace online.

I teamed up with an engineer, Gordon Wintrob. We had a vision. If we built really great technology, we could help digitize the process and lead to better client experiences. And then ultimately what we learned is if you build a better client experience, you also build a better colleague experience because you're doing things in a digital interface versus in a more manual manner. And if you can capture exposure data, you can help clients make a better case to the market, which drives better experiences for carriers too because you're sending them clean submissions in a data-driven way.

[Q]: How does the acquisition of Newfront accelerate WTW's digital journey?

[SL]: WTW is already an industry leader with an enduring legacy in data analytics. It also operates as an integrated business, with consolidated data across operating units.

We saw a really exciting opportunity to combine our client-facing tools to complement what Lou and team have built. One of these tools organizes insurance and benefits information and allows clients to access that information in a single platform, while an AI product we've built, delivers highly accurate coverage gap analysis.

These are the kinds of developments we think will accelerate the WTW digital journey, but more than any products, the big driver to acceleration is how WTW will leverage Newfront-built technology and expertise to deliver great products for clients.

We believe you build great products by embedding engineers in professional teams. Engineering can't be an ancillary function, where the business throws some requirements over the wall and gets back a completed product. You can only build great products when an engineer and a professional sit shoulder to shoulder, design something together, come up with solutions and iterate together.

[LS]: And now we can now bring together WTW's talent and insurance expertise, Newfront's technologies and the AI-powered capabilities the team has been working on, coupled with the assets we've built and work together to accelerate our digital journey faster.

[Q]: How will WTW's accelerated digital journey benefit clients?

[LS]: Clients expect immediacy because that's what's happening in other areas of their lives. That's why we're really focused on combining our risk and analytics tools with digital services plus AI and data-driven advice to enable brokers to turn things around quickly for clients.

The culture at Newfront, where engineers and SMEs co-build together, meant we gave brokers and servicing teams the tools they needed to deliver on client expectations faster.

Newfront's product mindset of really thinking about experience layers, getting stuff out there quickly, learning and iterating fast was so powerful. We were already expanding our capabilities in both engineering and experience design, but by coming together with Newfront, we can deliver things clients really want to engage with even faster than before.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



[Q]: Is this way of working unique in this industry?

[SL]: It was unique when we started doing it. We have a 'crossing the aisle' value, where in our early offices, we literally had an aisle between engineering and the professional teams. We thought it was really important those teams intermingled and you'd see engineers literally sitting with professional teams. These teams should be co-located and get to know each other, so when you have an issue with a product, you won't be submitting a bug report, hearing back a month later, but tapping the engineer or the product manager on the shoulder and talking about why it's not working for you.

[LS]: The distance between the people who use tools and capabilities and those building them needs to be close to zero. It's how you get the best outcome, for both clients and the colleagues delivering experiences people want to engage with. We have product leaders, engineers, SMEs, users and client research, all sitting together in one structure. That's become the norm of how we work, which I think is unique.

[Q]: How do we think of technology development and usage — do we prefer to build, buy or partner to fill gaps?

[SL]: Building things historically has been more expensive than renting them. In general, we should always go into the market and look for companies purpose-built around the issues we have. This allows us to focus our limited technology resources and focus them on what matters.

[LS]: I completely agree. Partnering or buying to get speed and where the capability is transformative, acquiring, is critical to how we move forward.

[Q]: What does our digital and AI strategy mean for our carrier partners?

[LS]: Our strategy is focused on data and connectivity, connecting Willis brokers to the market and the market back to Willis. It means better data and faster submissions, which are a huge benefit to carriers, as well as clients.

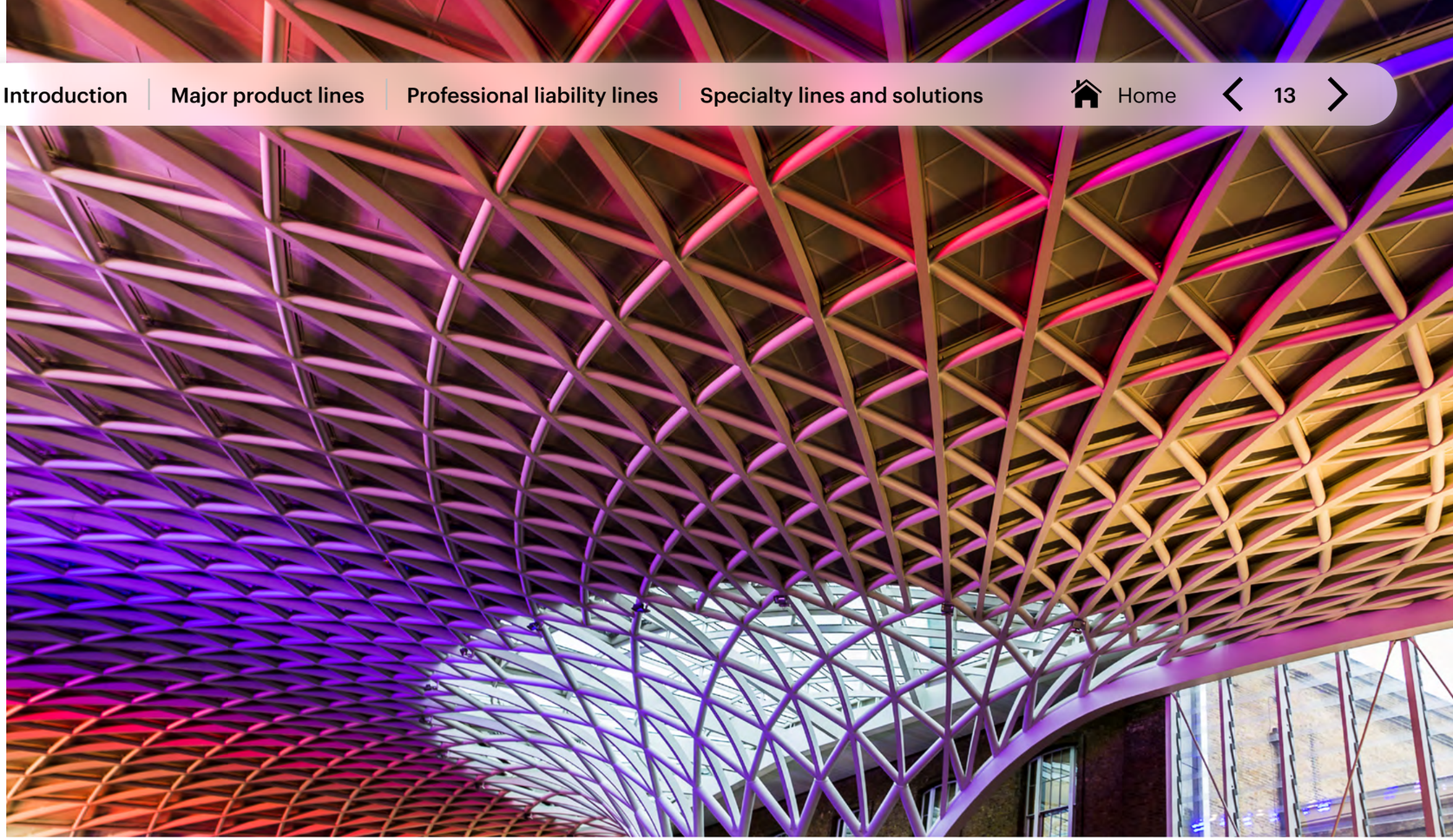
And with greater AI agentic-type capabilities, carriers have an opportunity to transform for their clients. If there's better data and faster submissions, the whole value chain wins.

Cleaner, more complete submission of data for carriers also means we can expect them to assess and pay clients' claims faster and with less friction.

[Q]: How is our AI strategy different?

[SL]: It comes down to three things. One: models are really only as good as the data you feed them and WTW has volumes of proprietary data that can make models so much better. Two: WTW is an integrated, agile business, compared to peers that are more like siloed holding companies operating separately, making technology adoption really difficult across multiple employee bases, systems and leadership teams with sometimes competing priorities. WTW doesn't have these issues. The third driver of differentiation is the approach to technology. WTW has long been investing in technology, with a legacy of building and owning significant technology businesses, as well as engineers embedded in the business.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



[Q]: How will technology and AI accelerate training and talent development within the organization?

[SL]: Bringing on early-career talent is key to winning over the long term and AI can become really significant for helping early-career colleagues ramp up faster. By training an AI model to analyze a multi-hundred-page policy for the latest terms and exclusions, we enable our earlier-career colleagues to do deeper analysis, learn and accelerate earlier in their careers.

[LS]: There are huge opportunities to compress learning curves. New brokers can look at simulations, access information, look at patterns using AI to see things in a different way. I think it brings people up to speed or up to a certain level quicker, but it also enables those different thinkers to develop their views. Our clients will win when we combine new talent and reduced learning curves, so colleagues can be more effective, more quickly.

[Q]: What can we expect to see for the rest of 2026?

[LS]: Our clients can expect more immediacy, more access to data and for us to be where they need us to be. We plan to be more accessible, using data and AI to deliver on our clients' expectations while meeting colleague demands for more access to data and tooling, so they can serve their clients better than anybody else.

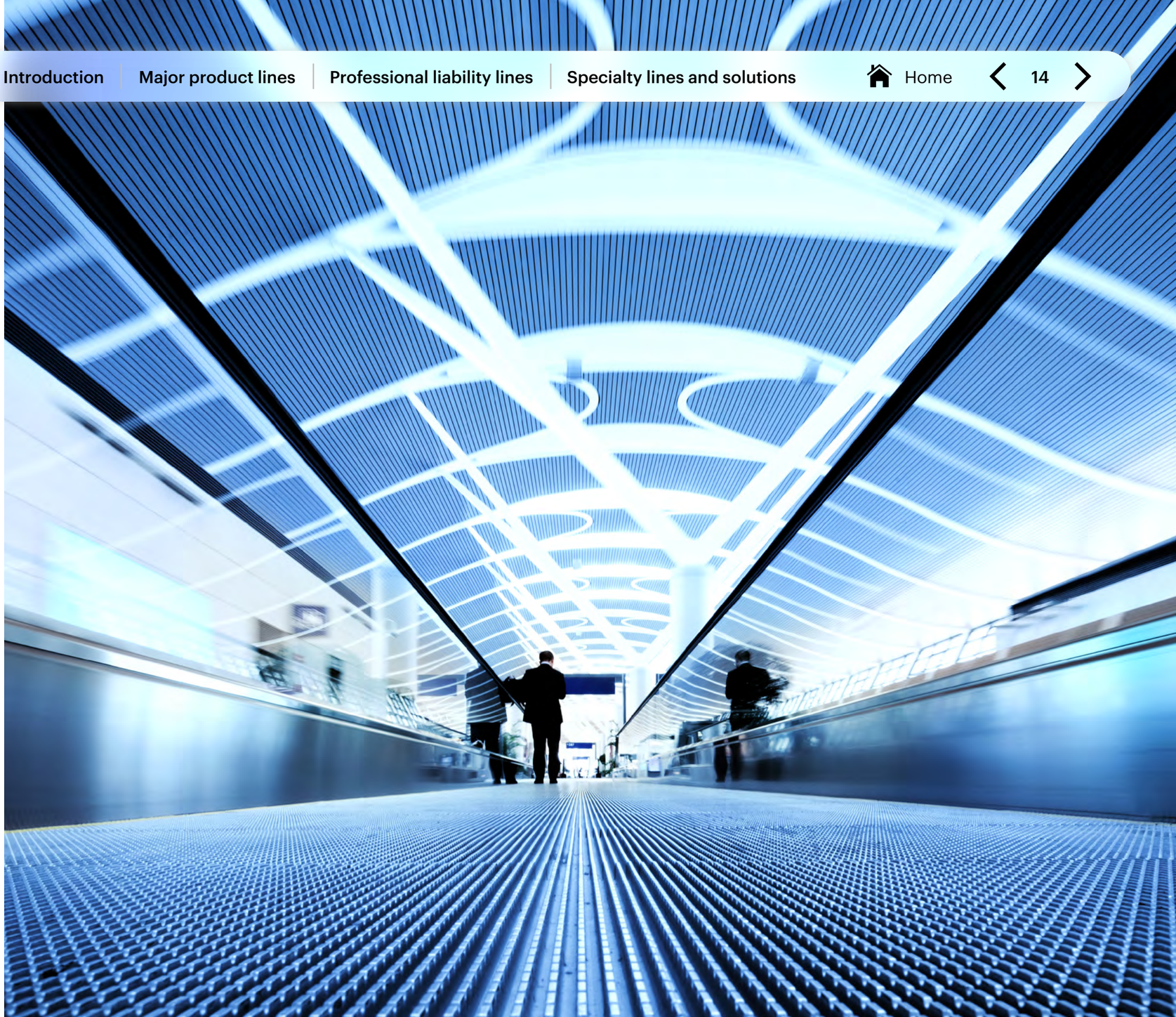
On the talent side, we'll continue to focus on building that vital culture of deploying engineers in ways that mean we keep delivering the things clients want quickly.

[SL]: I wholeheartedly agree. It's also worth saying AI doesn't mean we'll have fewer engineers. It means the engineers get to work on the most interesting problems. AI is 'clearing the underbrush' so professional teams can do more strategic work.

[LS]: AI enables teams to start to think about things in a completely different way, rather than in legacy or heritage ways. Everybody can work at a higher level, enabling even faster acceleration.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Major product lines



Insurance Marketplace Realities 2026.
Copyright © 2026 WTW. All rights reserved.

Click each square to go directly to that **major product line.**

- Property
- Casualty
- Middle market
- Canada
- Bermuda

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Property

Rate predictions

Single carrier programs

–5% to –15%

Shared and layered programs

–15% to –25%+

*Individual accounts may experience variable rate changes relative to guidance, depending on specific metrics, account losses and the combination of exposure and program structure characteristics.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

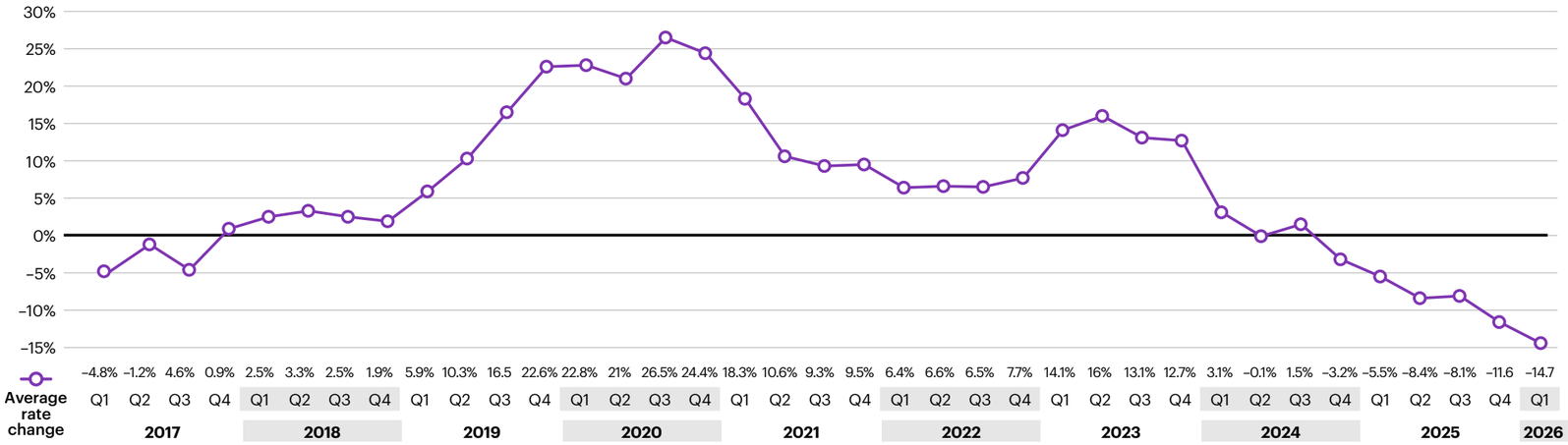
Property

Key takeaways

Softening market: Downward pressure on property renewal rates continues to build across most segments of the market. Average composite Q1 2026 renewal rates for WTW's Large & Complex property portfolio declined by 14.7%, compared with a 5.5% decrease in Q1 2025. The effect is most pronounced on multi carrier shared and layered programs, which experienced average reductions of 22.48% in Q1 2026 on placements with five or more carriers, versus 12.1% in Q1 2025. Single carrier programs are also seeing increased rate compression, with average decreases of 3.62% in Q1 2026 compared with a 0.88% rate increase a year earlier. In addition to pricing improvements, insurers are increasingly willing to enhance terms, conditions, deductibles and wordings as competition intensifies and carriers seek to preserve market share.

The overall market trajectory has clearly reversed from the multi year challenging period that lasted from Q1 2018 through Q1 2024, as evidenced by the chart below.

Quarterly average (%) rate change



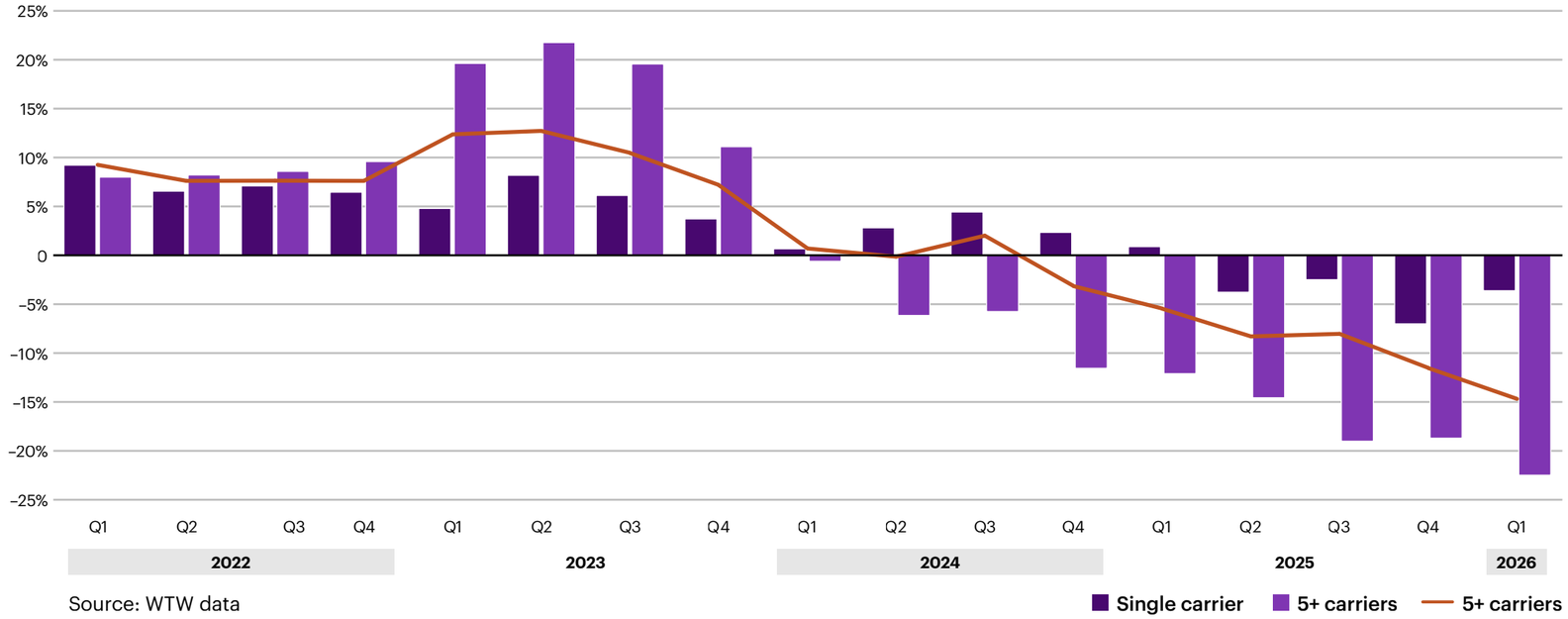
Source: WTW data

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Property

Key takeaways (continued)

All accounts average rate change segmented by program complexity



Source: WTW data

Risk appetite: Insurers can be encouraged to expand capacity, lower deductibles, increase critical CAT limits and broaden coverage through customized manuscript policy language for attractive, broadly marketed and oversubscribed risks and programs.

CAT event impact: Absent a series of major catastrophe events, the property market is expected to remain highly competitive through Q2 2026. The outlook for Q3 and Q4 2026 remains heavily dependent on the trajectory of the Atlantic hurricane season and the occurrence of other significant loss events. A meaningful shift in market conditions would likely require multiple large scale catastrophes.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Property

Key takeaways (continued)

Major 2025 CAT events: As we entered 2025, the Los Angeles — area wildfires in January were estimated to generate approximately $40Bn of insured losses. For the full year, global insured natural catastrophe losses reached about $107Bn, with the United States accounting for roughly $89Bn of that total. While losses from severe convective storms, floods and other secondary perils were significant, these events did not materially slow market competition or reverse the broader softening trend. Insured natural catastrophe losses worldwide now consistently exceed $100Bn annually and the experience of 2025 suggests this pattern will persist, with severe convective storms, wildfires, flooding and freeze events increasingly driving loss activity.

2026 CAT losses to date: Thus far in 2026, the Northeastern U.S. was hit in late January by Winter Storm Fern, causing an estimated $6.7Bn in insured property losses, followed by a severe convective storm outbreak from March 10 – 12 that resulted in approximately $5Bn of additional insured losses, continuing the significant catastrophe loss trend from severe weather events occurring outside of the traditional Atlantic hurricane season.

Source for Fern loss data: https://www.insurancejournal.com/news/national/2026/02/03/856655.htm

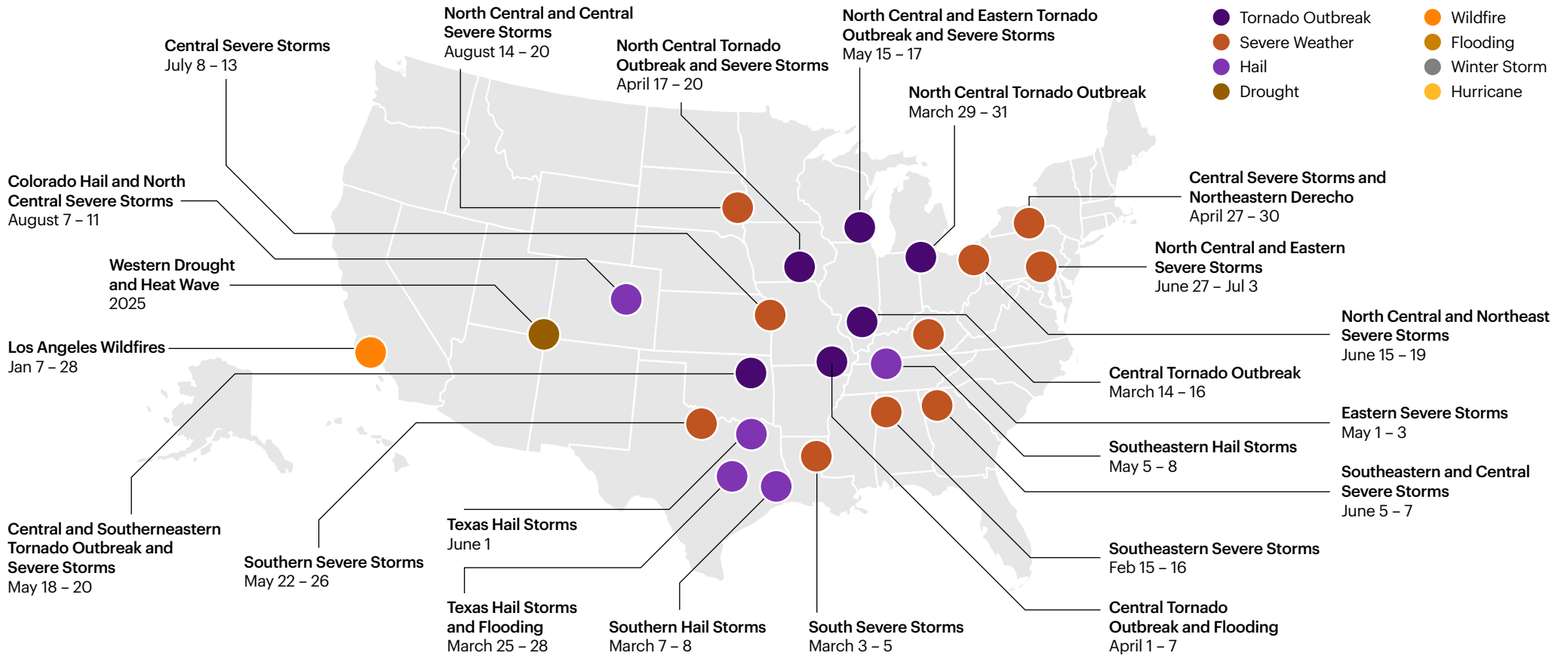
Source for SCS March 10 – 12 losses and Severe weather vs. Atlantic hurricane losses since 2010: https://www.artemis.bm/news/us-severe-convective-storms-to-drive-low-to-mid-single-digit-insured-losses-gallagher-re-aon/

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Property

Key takeaways (continued)

U.S. 2025 billion-dollar weather and climate disasters



Source for Global CAT losses: https://www.swissre.com/institute/research/sigma-research/sigma-2026-01-natcat-2025-wildfire-storm-risk.html

Treaty reinsurance: The treaty reinsurance market remains a critical influence on primary property market dynamics. Despite elevated 2025 catastrophe losses, risk adjusted rates for 1/1/2026 and 4/1/2026 catastrophe programs softened further, with decreases in the 15% – 20%+ range, encouraging primary insurers to broaden coverage. Increased capacity from traditional reinsurers, supported by ILS and catastrophe bond investors, has intensified competition and is supporting additional direct property capacity in early 2026.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Property

Key takeaways (continued)

Retail insurers have generally been unable to secure materially lower catastrophe attachment points, leaving balance sheets more exposed to moderate sized events. Nevertheless, most direct insurers reported combined ratios in the mid 80s to mid 90s for 2025, preserving overall profitability. Favorable 2025 and 2026 treaty outcomes build on the stabilization that began in early 2024, marking a clear contrast to the constrained capacity, elevated attachment points and sharp rate increases experienced in 2023.

Valuation Discipline: Replacement cost inflation has eased significantly from COVID era highs, with year over year increases moderating to low single digits in 2024 – 2025 and some indices even showing modest deflation. However, the 2025 – 2026 period reflects a modest reacceleration in building cost inflation, likely influenced by changes to U.S. tariff policy and ongoing global supply chain pressures. In addition, energy related input costs may increase further, reflecting continued geopolitical instability in the Middle East. Accurate replacement cost valuations, supported by recent appraisals or formal valuation studies, remain critical for determining appropriate replacement cost.

Index	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ENR — building cost index	3.3%	3.3%	1.74%	3.96%	13.94%	9.4%	2.9%	1.9%	2.8%	3.6%
FM Global — US industrial buildings average	1.2%	5.2%	1.73%	1.42%	18.40%	11.1%	1.0%	1.0%	–0.6%	1.8%
RSMeans — 30 city average	4.0%	5.5%	2.05%	1.71%	15.83%	12.1%	1.9%	1.3%	0.1%	2.7%
Marshall & Swift — US average	2.7% to 3.7%	3.2% to 6.0%	0.0% to 1.3%	3.0% to 6.1%	16% to 24.5%	11.1%	1.04%	1.2%	2.0%	2.9%

Source: WTW data

Risk management: High quality exposure data remains a key differentiator in the current market. Accurate location data, BI worksheets, business continuity planning and robust CAT modeling and engineering continue to play a significant role in securing optimal capacity, pricing and coverage terms.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Coverage terms

Capitalizing on competitive market conditions and strong carrier relationships continue to support expanded coverage negotiations and deductible optimization. Increased competition has limited insurers' ability to impose restrictive terms, creating opportunities to improve breadth of coverage at renewal. Coverage for properties under substantial construction, without a separate builder's risk policy, can still be challenging as carriers look to balance capital deployment from their Property and Construction related treaties. A detailed review of construction scope, timelines and values remains essential to structuring the most efficient risk transfer solution.

Communicable disease and cyber exposures remain largely excluded.

Challenging coverages such as SRCC, CBI and Service/Cloud Business Interruption are becoming increasingly available.

WTW innovation

WTW continues to invest in proprietary and exclusive capacity solutions designed to enhance efficiency, stability and client outcomes across market cycles. Initially launched in Q4 2024, the **Client Edge** property facility enables WTW to efficiently deliver meaningful financially strong and stable additional property capacity on an auto follow basis and has continued to grow since inception. This facility is exclusive to WTW and our clients.

In 2024, WTW London launched the **Willis International Property Facility** — an automatic, fast-follow London market capacity for our international property clients. This solution provides clients with a faster, more efficient route to London market capacity, eliminating the need to deal with multiple underwriters for each placement. This solution has been well received in the market and continues to expand.

Similarly, in 2024, the Direct and Facultative teams in WTW London launched its exclusive **Deductible Buydown Facility** offering 100% buydown solutions for our clients. This solution, specifically when a client has loan requirements for a specified deductible level, allows our clients to buy down deductibles, thereby offering balance sheet protection while keeping continuity in deductible levels.

In July 2025, WTW launched a new facility called the **North American Property Lineslip** that streamlines access to capacity for mid-sized North American property portfolios having TIVs under $2 billion at competitive rates.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



This line slip can be accessed through the WTW direct and facultative hubs in London and Bermuda, which offers substantial auto follow capacity behind qualified Lloyd's of London leaders and excess of loss markets on the island.

In September 2025, WTW launched the **Gemini** facility, a global, multi-line auto-follow facility designed to locally deliver A+ rated capacity to WTW clients across their insurance portfolios. Gemini helps clients navigate market volatility with confidence while maximizing the efficiency of their capital spend. The introduction of substantial, sustainable and readily available capacity through all market cycles is available for any risk, regardless of complexity across shared and layered or quota share placements.

On April 8, 2026, Willis announced the launch of **Digital Infrastructure Protector**, which is a new, end-to-end lifecycle solution for data center owners and operators. This solution combines integrated policy coverage during both the construction and operations phases with enhanced, tailored risk management to help data center owners, operators, contractors and hyperscalers minimize risk while maximizing operational and financial resiliency. Willis will continue to monitor the evolution of risk issues in this sector (i.e., power generation) and will look to augment our policy form and risk management solutions to meet the growing needs of the buyer. The launch of Digital Infrastructure Protector is the latest in a series of innovations by Willis to deliver new, customized risk solutions that directly address the needs of today's data centers — from initial funding to steady-state operations — amid an increasingly complex and interconnected risk ecosystem.

Collectively, these initiatives demonstrate WTW's ongoing commitment to innovation and the delivery of sustainable, differentiated client solutions.

WTW industry focus

WTW remains committed to delivering deep industry specialization supported by highly experienced placement and advisory teams. This model ensures clients benefit from tailored insights, industry-specific expertise and informed strategies aligned to their unique risk profiles.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Spring 2026/first half 2026 market considerations

- Insureds should carefully evaluate the trade-offs between maintaining incumbent relationships and engaging new markets. Established carrier relationships with a history of profitability can help moderate volatility when losses occur or market conditions shift, while newer markets may lack the legacy premium base to absorb future fluctuations
- Hurricane season: A major hurricane landfall in a highly risk-concentrated region could quickly tighten market conditions. Tropical Storm Risk (TSR) has issued its extended range forecast for the 2026 Atlantic hurricane season, indicating it currently anticipates activity levels around the 30-year (norm, projecting 14 named storms, seven hurricanes and four major hurricanes
- Supply chain inflation: Both U.S. tariffs and the current conflict in the Middle East may significantly affect post loss rebuilding costs, energy input costs and supply chain timelines
- Alternatives to traditional risk transfer: Parametric and structured solutions, as well as captive strategies viable to complement traditional placements
- Data quality: High quality submission data is increasingly key to risk differentiation and securing optimal terms

WTW has partnered with Archipelago to materially enhance the quality and depth of property data, including both primary and secondary COPE attributes. On recent accounts, these improvements resulted in double-digit reductions in modeled losses (AALs), delivering significant premium savings for our clients. Archipelago enables us to efficiently extract critical information from multiple sources and seamlessly integrate it into our clients' SOVs, which we then incorporate into accurate, high-quality submissions. This disciplined, data-driven approach consistently produces stronger underwriting outcomes for insureds and is likely to become an even more essential differentiator as the property market evolves.

Financial institution spotlight

WTW is at the forefront of property solutions for modern data center risk, including for financial institutions, by recognizing that processing now functions in hybrid architecture across owned facilities, co-location sites, cloud providers and vendor managed operations. Instead of insuring only where the hardware sits, WTW has negotiated broad policy language that allows coverage to follow where data is processed, including enhanced protection for non owned cloud service interruption and backup or failover environments.

With electronic data processing central to financial institution operations, WTW has been leading the industry in negotiating customized policy language to roll back exclusions that remove electronic data and time element coverage, particularly where cyber exclusions act as defacto electronic data exclusions, and to restore meaningful protection for electronic data and ensuing time element losses.

Beyond wording changes, WTW is combining risk identification, contractual risk transfer and insurance program design with new products such as Digital Infrastructure Protector. That solution is built to address construction phase exposures, partial operations during fit out, and fully operational data centers on the same campus, giving buyers a more seamless and customized alternative to a traditional property form.

Contact

Scott C. Pizzi
Head of Property Placement, North America
scott.pizzi@wtwco.com

Source for Hurricane Season: https://www.artemis.bm/news/tsr-projects-7-atlantic-hurricanes-3-major-in-extended-range-2026-forecast/

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Large & Complex Casualty

Rate predictions

General liability
+2% to +10%

Auto liability
+8% to +20%

Workers' compensation
–3% to +2%

Umbrella/excess
+5% to +20%

Umbrella liability – High hazard/challenged class
+10% to +20%

Umbrella liability – Low hazard/moderate hazard
+8% to +15%

Excess liability – high hazard/challenged class
+15% to +20%

Excess liability – Low hazard/moderate hazard
+5% to +12%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Large & Complex Casualty

Casualty factors influencing rate, coverage and capacity

General liability	Auto liability	Workers' compensation	Umbrella liability	Excess liability
• Social inflation and legal system abuse lead to continued increases in the severity of awards. • Concern from reinsurers over large loss development resulting in a reinsurer rate forecast of +7.5% to +20% • Carriers are seeing increased litigation involving prominent issues • Carriers are being diligent about deal structure, which can impact premium outcomes • Insurers have increased scrutiny of coverages specific to industry and exposure	• Traffic fatalities fell for the eleventh straight quarter, with 2024 totals dropping below 40,000 for the first time since 2020 — yet severity levels remain historically elevated • Large-truck verdicts have increased by more than 300% over the last decade, significantly outpacing carrier rate adequacy • Commercial auto has recorded a combined ratio above 100% in 14 of the past 15 years, including 113% in 2024, reinforcing long-term unprofitability • Reinsurer rate forecast is +10% to +30%, with results depending on which states fleets operate in • Insureds are pressured to take higher retentions on the primary	• Profitable combined ratio for more than 10 years • Aging workforce and expanding telecommuter and gig-role classifications contribute to higher claim complexity and longer duration • Medical wage inflation is driving up medical costs • Medical technology advancements are increasing treatment costs and reducing mortality • While overall claim frequency is decreasing, frequency for large claims (>$50k) remains steady. Claim severity is increasing by approximately 6%	• Supported leads can often yield more favorable outcomes. 48% of WTW large and complex clients purchase a supported lead • Risk-specific underwriting remains, with more attention being paid to traditionally less hazardous risks • Increased utilization of alternative risk structures, especially with respect to auto exposures • Increased use of reinsurance and self-insurance devices, including captives and co-insurance	• While new capacity has entered the market, overall excess limits deployed continue to shrink as carriers manage overall exposure to loss. • New carrier capacity (largely MGA-driven) helps mitigate capacity cuts and drives increased competition in the excess • Insurers remain focused on achieving pricing adequacy for the capacity deployed • Increased use of reinsurance
Rate forecast: **2% to 10%+**	**Rate forecast:** High hazard/challenge class **2% to 10%+** Low/moderate hazard **+8% to +20%**	**Rate forecast:** **–3% to 2%+**	**Rate forecast:** High hazard/challenge class **10% to 20%+** Low/moderate hazard **7.5% to 15%+**	**Rate forecast:** High hazard/challenge class **15% to 20%+** Low/moderate hazard **5% to 12%+**

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Large & Complex Casualty

Rate predictions

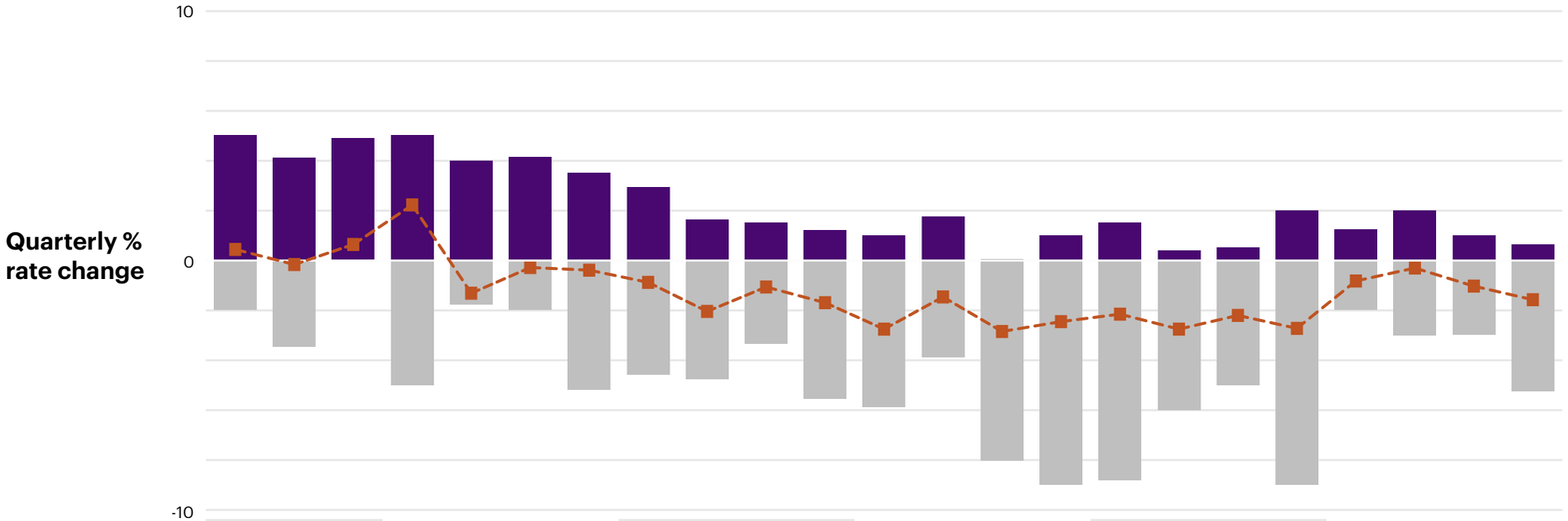
Key takeaways

The casualty marketplace continues to face structural pressure as General Liability, Auto Liability and Umbrella/Excess remain unprofitable, driven by escalating tort costs, nuclear verdicts and expanding third-party litigation funding, now projected to reach $31 billion in funding by 2028 (despite broader P&C underwriting gains and improving combined ratios). Rate firming accelerated across 2025 into Q4, with meaningful increases in GL, Auto, Umbrella and Excess, while Workers' Compensation remains profitable even as reserve redundancy tightens and underwriting discipline heightens. Auto liability remains severity-driven and structurally challenged, prompting more aggressive underwriting scrutiny and greater reliance on retentions, buffer layers and structured placements that now shape attachment points across umbrella and excess towers. General Liability results continue to deteriorate amid expanding product litigation and reserve strengthening, while emerging risks, including PFAS, wildfire exposure and social media-related claims garner more attention from insurers.

Tort reform momentum is accelerating nationally, with states introducing transparency, caps on recovery and limits on funder influence. Some examples include Louisiana adopting modified comparative fault and stricter causation and medical billing standards and Florida's 2023 reforms already reducing P&C costs, lowering rates, adding new carrier entrants and boosting economic activity. Despite these positive developments, insureds must closely track the evolving legal landscape.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Workers' compensation



	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2020			2021				2022				2023				2024				2025			
75th percentile	5.00	4.10	4.89	5.00	4.00	4.13	3.50	2.93	1.63	1.50	1.20	1.00	1.76	0.00	1.00	1.50	0.40	0.51	2.00	1.25	2.00	1.00	0.6325
Workers' compensation	0.89	-0.32	1.29	4.46	-2.62	-0.56	-0.77	-1.75	-4.08	-2.12	-3.38	-5.50	-2.92	-5.69	-4.90	-4.30	-5.50	-4.40	-5.44	-1.64	-0.6	-2.05	-3.14
25th percentile	-2.00	-3.47	0.00	-5.00	-1.78	-2.00	-5.20	-4.58	-4.78	-3.36	-5.55	-5.90	-3.90	-8.02	-9.00	-8.82	-6.00	-5.00	-9.00	-2.00	-3.03	-3.00	-5.25

Source: Willis CIA Data

Workers' compensation remains the profit engine of the casualty market, even as the soft phase of the cycle matures. Carriers view workers' compensation as the "saving grace" amidst the less profitable General Liability and Auto Liability lines, but the decreases insureds are accustomed to seeing will begin to tighten soon. The 2025 results are expected to be similar to 2024, which ended at $41.6 billion net written premium, with a net combined ratio near 90% — the 12th straight year of underwriting gains. Frequency continues to trend favorably, while indemnity and medical severities are each running roughly +5 – 6%, driven by wage growth and utilization rather than pure price inflation. A.M. Best still identifies Workers' Compensation as the most profitable major P&C line, even as industry premium contracted further under competitive and regulatory rate pressure.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Early indicators point to another strong, profitable, but slightly more moderate year. Through mid-2025, direct written premium is down roughly 2% versus the first half of 2024 and the direct loss ratio has moved upward slightly, but expectations remain for a full-year combined ratio solidly below 95% and net premium volume roughly flat YOY. Reserve redundancy (mid-teens billions) is shrinking and analysts are flagging that the long run of favorable prior-year development is unlikely to be as generous going forward. Carriers are reacting not with broad hardening, but with surgical discipline: tighter class-level underwriting, more conservative initial loss picks, selective rate firming in severity-stressed segments and intensified focus on medical management, large-loss leakage and claim closure behavior.

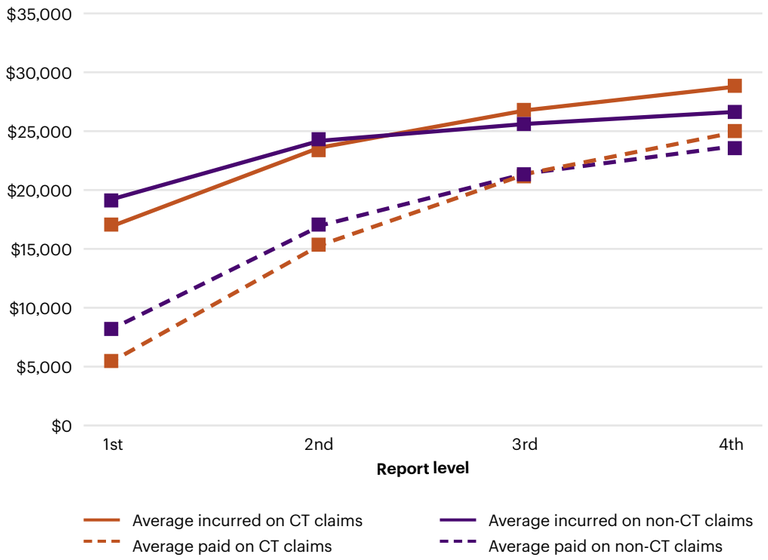
Strategically, insurers are treating 2026 as an inflection-watch year rather than a turn in the cycle. Competitive pressure and bureau-driven decreases keep headline rates soft, but many carriers are quietly re-underwriting portfolios, reallocating capacity away from marginal classes and jurisdictions and leaning harder on analytics around wage inflation, aging workforces and changing workplace models. Willis has developed and deployed a Workers' Compensation Risk Index Model, helping clients to evaluate their year-over-year jurisdiction and hazard risk changes, providing both client insights and better carrier outcomes. The consensus view: WC in 2026 is still delivering outsized returns relative to the rest of casualty, but the line is transitioning from “windfall” profitability to “managed” profitability — where underwriting discipline, claim and medical management and state-by-state execution will matter more than the tide of favorable frequency and reserve releases that defined the last decade.

Cumulative trauma claims or CT claims, are typically filed for work related injuries resulting from repetitive mentally or physically traumatic activities over multiple years. In the California Workers’ Compensation system, CT claims have always been a key cost leader due to the complexity of injury over multiple years, litigation and frictional costs from liens and medical and legal services incurred on CT claims. Additionally, WCIRB research suggests that 40% of all CT claims are filed on a post-employment or post-termination basis. These claims tend to be more litigious and involve more frictional costs than those of “employed” claimants. (WCIRB California Medical Characteristics of Cumulative Trauma Claims – 12/22)

Cumulative trauma (CT) claims are becoming a material driver of medical severity, with longer treatment durations, higher diagnostic utilization and more multi-specialty involvement than acute injuries, reinforcing why medical severity continues to outpace wage inflation in many jurisdictions. (WCIRB Report – Chart 3)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Medical severity of indemnity claims



Source: Medical Characteristics of Cumulative Trauma Claims, WCIRB California

California remains the epicenter of CT claim activity, with WCIRB reporting that CT claims represent a disproportionately high share of indemnity filings and exhibit significantly higher average costs, longer claim duration and more frictional litigation than non-CT claims.

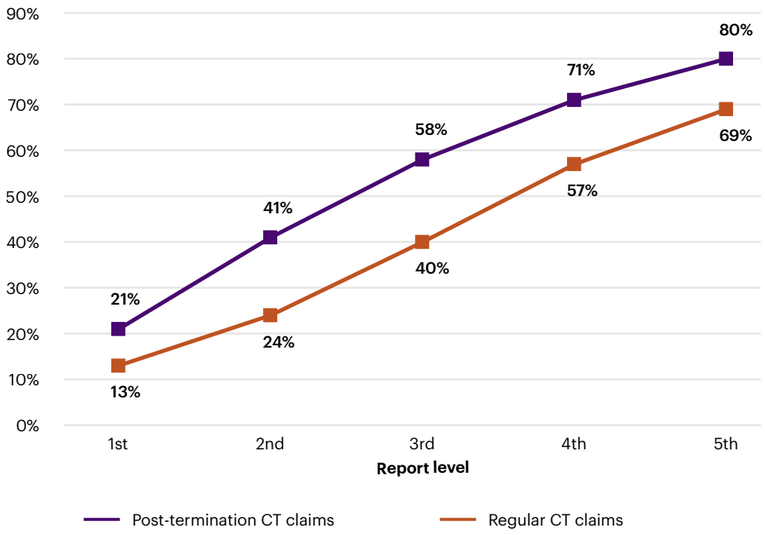
WCIRB data shows that post-pandemic claim patterns have shifted, with elevated indemnity claim frequency in certain sectors, rising allocated loss adjustment expenses (ALAE) and persistent pressure from high-cost medical services — all of which challenge the sustainability of recent underwriting gains.

CT claims contribute to slower claim closure rates and greater reserve uncertainty, as they develop later, involve multiple body parts and frequently require reserve strengthening over time. This dynamic aligns with the broader industry trend of shrinking reserve redundancy and more conservative initial loss picks. (WCIRB Report – Chart 26)



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Indemnity claim closure rate
Accident years 2013 – 2015



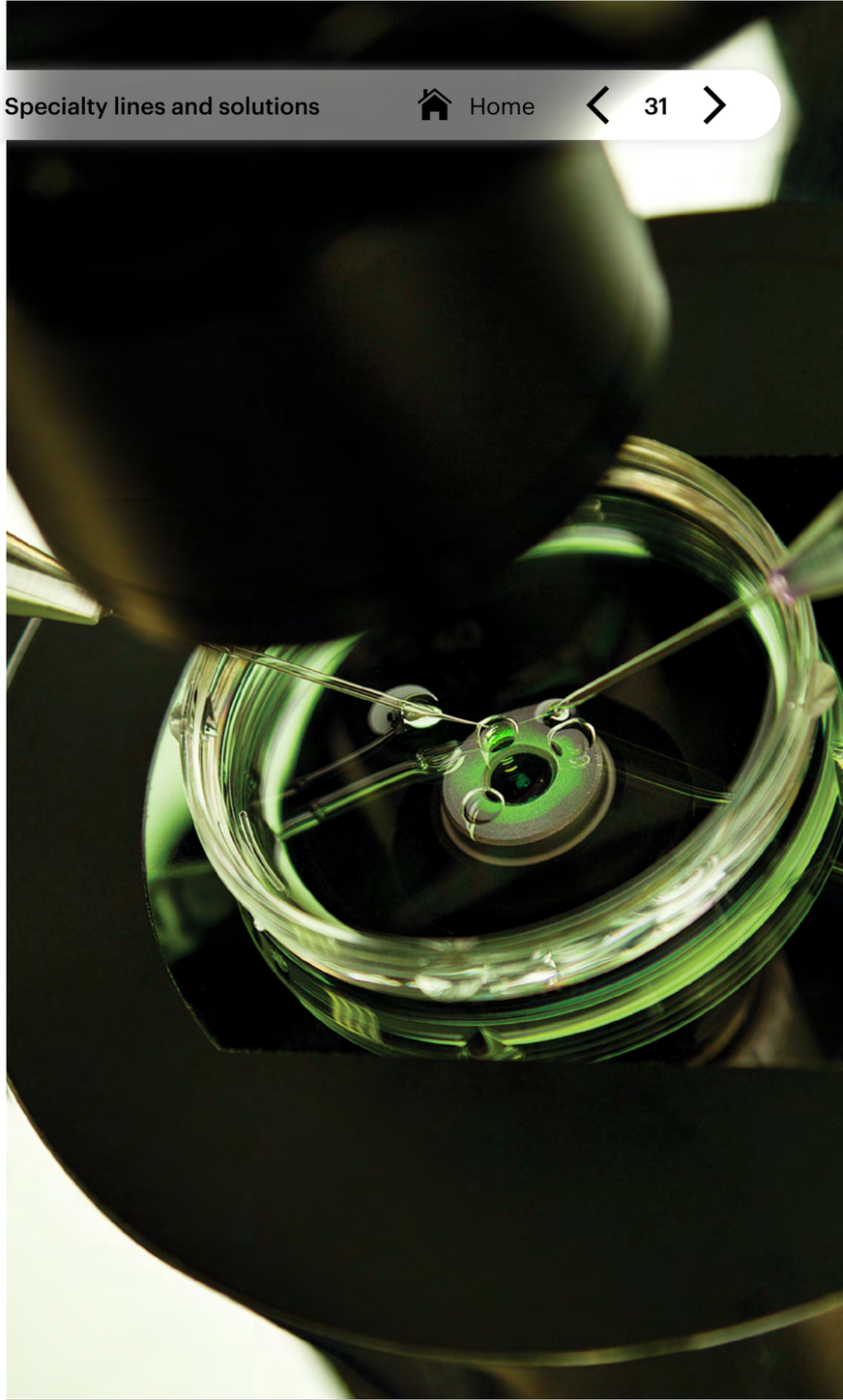
Source: Medical Characteristics of Cumulative Trauma Claims, WCIRB California

Medical management is becoming a critical differentiator, as CT claims show higher utilization of imaging, pain management and physical therapy. Carriers with strong provider networks, utilization controls and early-intervention programs are better positioned to manage these long-tail exposures.

Litigation intensity remains elevated in California, particularly for CT claims, where attorney involvement is significantly higher than average. This adds cost pressure through increased ALAE, longer time to closure and higher ultimate severity.

Aging workforces and evolving workplace models are amplifying CT exposure, especially in industries with repetitive-motion tasks, hybrid work ergonomics or physically demanding roles. These demographic and operational shifts are increasingly embedded in carrier underwriting and pricing models.

The rise of CT-driven medical complexity underscores the shift from “windfall” to “managed” profitability in Workers’ Compensation. With frequency still favorable but severity and development patterns becoming more volatile, carriers are leaning harder on analytics, class-level underwriting discipline and state-specific execution.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Experience modification rate change spotlight (WC)

On a national level, NCCI's loss costs, rates and rating values are generally continuing to decrease in 2026, though the pace of these declines is slowing. While most NCCI states are seeing modest reductions, the market is becoming more "state-specific," with select jurisdictions beginning to implement their first increases in years.

2026 NCCI filing trends:[1]

- **Overall national trend:**[2] Average rate changes remain negative across most NCCI jurisdictions, driven by long-term declines in workplace injury frequency. However, the average national decline narrowed from ~6.0% in 2024 filings to ~4.2% in 2025 and 2026 filings
- **Decimal extension:**[3] Starting with 2026 effective dates, NCCI has begun filing loss costs, rates and Expected Loss Rates (ELRs) to three decimal places to allow for more precise percentage changes by individual classification
- **Emerging increases:** A few jurisdictions have moved to overall increases for 2026, including Nevada (+21.9%), District of Columbia (+1.7%), Missouri (+1.3%) and Montana (+0.5%)

2026 state-specific examples

State	2026 loss cost/ rate change	Effective date
Maryland	–12.3%	1/1/2026
Colorado	–6.9%	1/1/2026
Florida	–6.9%	1/1/2026
Maine	–4.8%	4/1/2026
New Jersey	–4.3%	1/1/2026
Connecticut	–3.8%	1/1/2026
Tennessee	–2.0%	3/1/2026
Missouri	1.3%	1/1/2026

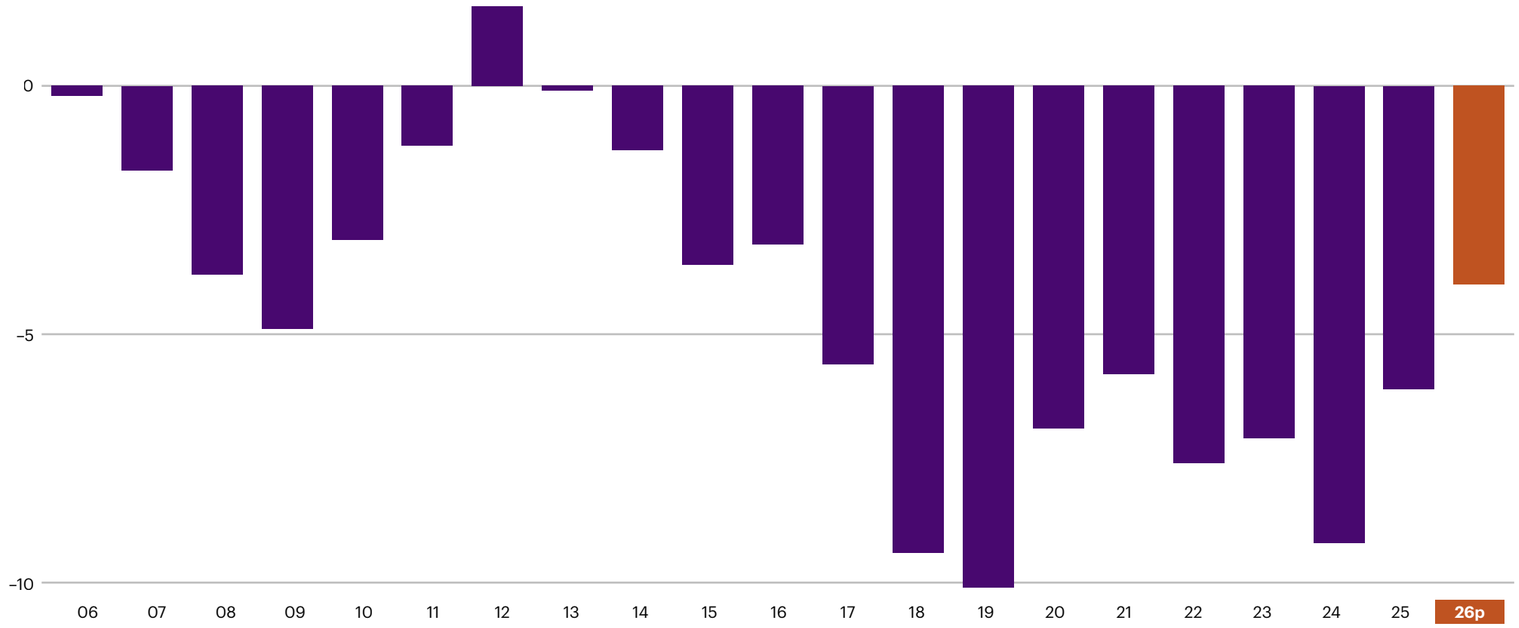
1. Loss Cost and Rate Changes Will There Be a Turn
2. Workers' Compensation Rates Will Fall in 2026
3. Decimal Extension of Loss Costs, Rates, and Expected Loss Rates ABCs of Experience Rating

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Key rating value impacts:

- **Experience rating mods:** Even in states where rates are decreasing, some employers may see their experience modification factors increase. As Expected Loss Rates (ELRs) decline alongside overall loss costs, the "expected" benchmark in the mod formula drops, making the same claim history result in a higher Experience Rating Mod rate factor
- **Experience rating modifications:** NCCI continues to refine the impact of "medical-only" claims, often reducing their weight by 70% in experience rating calculations to better reflect their actual risk impact
- **Payroll adjustments:** In some states like Connecticut, maximum payroll caps for executive officers and athletic teams have increased for 2026, which can impact final premium calculations
- **Severity headwinds:** NCCI notes that while claim frequency is down, claim severity (cost per claim) is rising due to medical inflation and wage growth, putting upward pressure on the system that may eventually offset frequency-driven savings

NCCI Bureau of loss cost level changes – weighted by effective date and premium

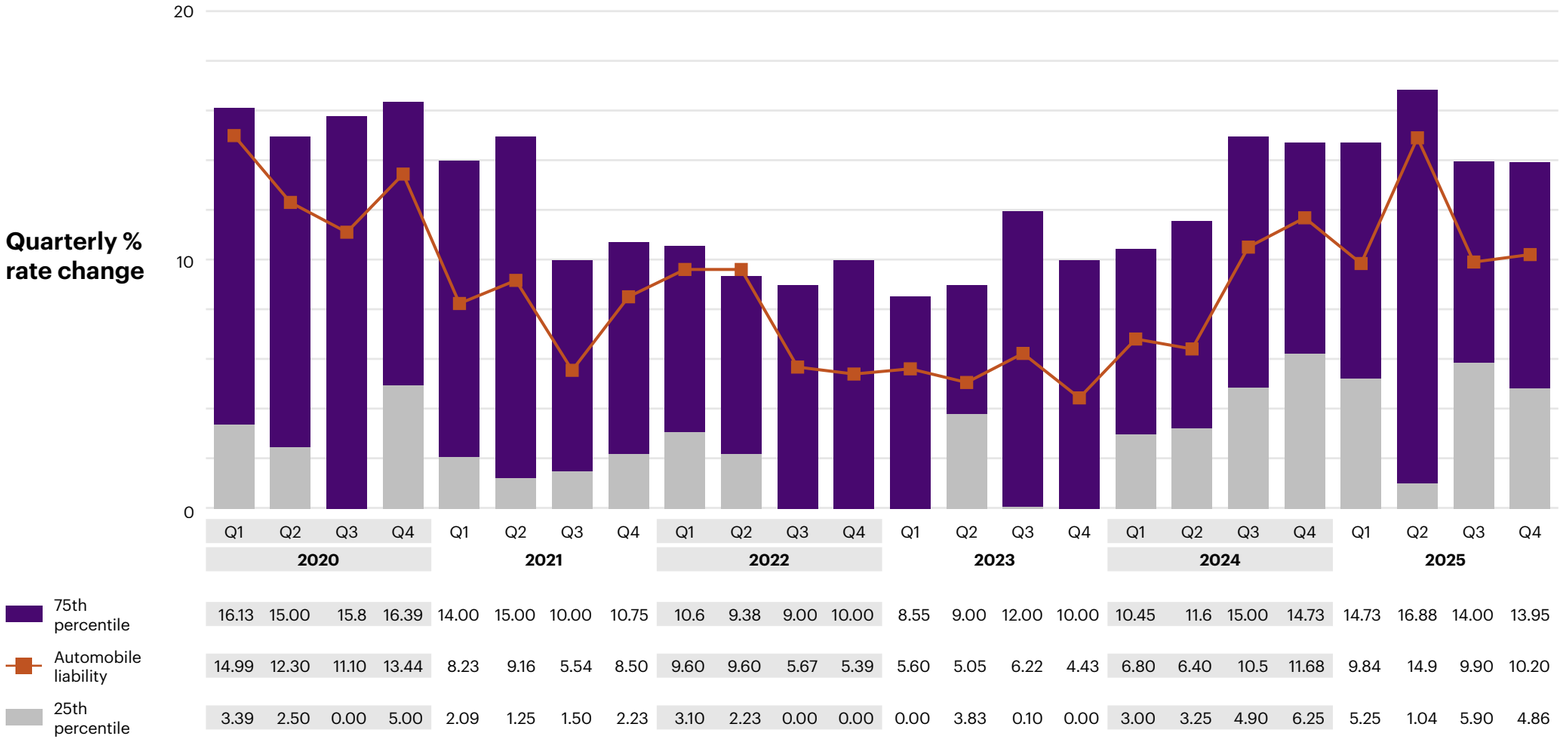


p = Preliminary. Reflects pending and approved changes in advisory rates, loss costs and assigned risk rates as of 10/24/2025.
IN and NC are filed in cooperation with state rating bureaus.

Source: Loss Cost and Rate Changes Will There Be a Turn

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Automobile liability



Source: Willis CIA Data

Automobile Liability continues to face sustained pressure entering 2026, with underwriting results constrained by elevated loss severity despite prolonged rate increases. The line remains structurally challenged, having produced underwriting losses for more than a decade, as severity trends continue to outpace both frequency improvements and pricing momentum. While overall performance showed modest stabilization through 2025, combined ratios remain well above breakeven levels.

Severity remains the primary driver of adverse results. Nuclear verdicts, social inflation and rising medical and wage costs continue to inflate ultimate losses, particularly for fleets with higher mileage, complex operations or exposure to plaintiff friendly venues. Longer claim tail development and persistent litigation activity have reinforced reserve volatility and underwriting caution across most carrier portfolios. Willis's Auto Liability Risk Index model not only helps enrich fleet data using API technology, but also evaluates jurisdictional impact and vulnerability/expected loss drivers for clients. Having the ability to negotiate year-over-year changes for better client outcomes is pivotal for our transportation and logistics clients.

Pricing remained firm through 2025, with automobile liability among the strongest moving casualty lines. However, rate increases alone have not fully offset loss cost pressures for many insureds, leading carriers to rely more heavily on underwriting discipline. Increased scrutiny of driver quality, safety programs, telematics adoption and operational controls has become a defining feature of the market, even for historically well performing risks.

Looking ahead, insurers view 2026 as a continuation of necessary, but insufficient, rate firming. Absent meaningful improvement in severity trends, automobile

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

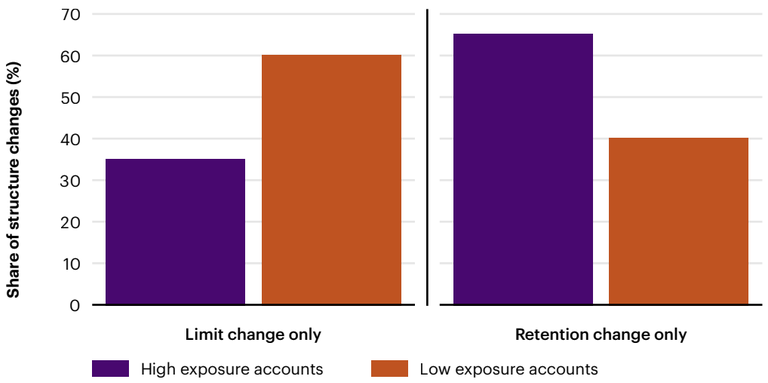
liability is expected to remain a focal point of underwriting discipline, reinforcing the importance of proactive risk management and thoughtful program structure augmentation for insureds navigating the year ahead.

Auto program structure trends across our portfolio

Across our auto portfolio, structure changes have become a more common and intentional response to sustained market pressure, though the form those changes take varies meaningfully by program size, complexity and loss activity. Over the past five completed policy years, most auto programs have remained structurally stable for extended periods. When adjustments did occur, however, they followed consistent patterns tied to exposure size, volatility and insurer comfort.

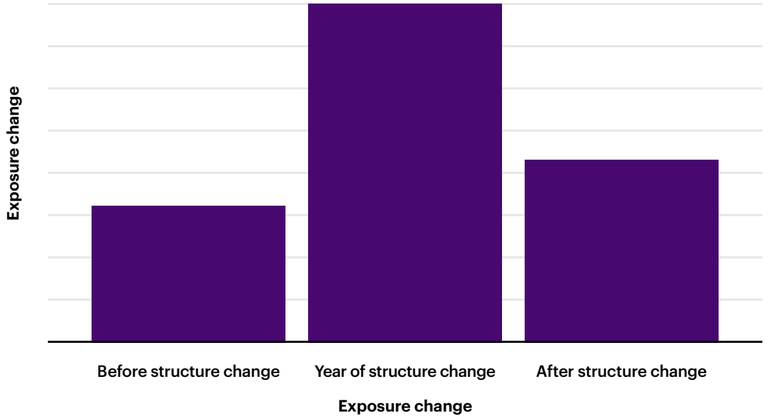
Smaller auto programs most often adjust liability limits as their primary structural lever. As shown in the accompanying portfolio analysis, limit changes account for the majority of structure activity among lower-exposure accounts, typically reflecting contractual requirements or incremental severity protection rather than fundamental changes to program design or exposure profile. Conversely, larger and more complex auto programs more frequently adjust deductibles and retentions. For these accounts, retention changes have become the preferred mechanism for managing volatility, moderating premium impact and maintaining carrier participation following an operational or exposure change. This dynamic is clearly reflected in our portfolio, where retention adjustments are concentrated among higher-exposure programs and occur more frequently than limit increases.

Separation of limit vs retention decisions by exposure size (Conceptual illustration)



Structure changes most often occur alongside periods of exposure change or operational evolution, rather than in isolation. Across our portfolio, years with structural adjustments more frequently coincide with changes in exposure measurement, signaling underlying volatility at the time decisions are made. Importantly, once implemented, revised structures are typically maintained across multiple renewal cycles, reflecting continued caution even after initial changes occur.

Structure changes and associated exposure volatility



Importantly, adjustments made at the primary auto level increasingly influence how risk is placed above the line. Changes to deductibles or program design frequently carry through to the umbrella and excess towers, shaping attachment points, participation and capacity deployment. As a result, structured solutions are now more commonly embedded across the tower, including quota-share placements, corridor deductibles, layered retentions and other hybrid structures designed to distribute volatility while preserving overall limit.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



These approaches allow carriers to remain engaged without relying solely on pricing or limit deployment and give insureds greater flexibility in balancing cost and risk retention. Overall, these trends highlight how auto program structure has become a key release valve in today's market, shaping not only primary placements, but also how umbrella and excess capacity is ultimately delivered and supported.

Autonomous vehicle liability update

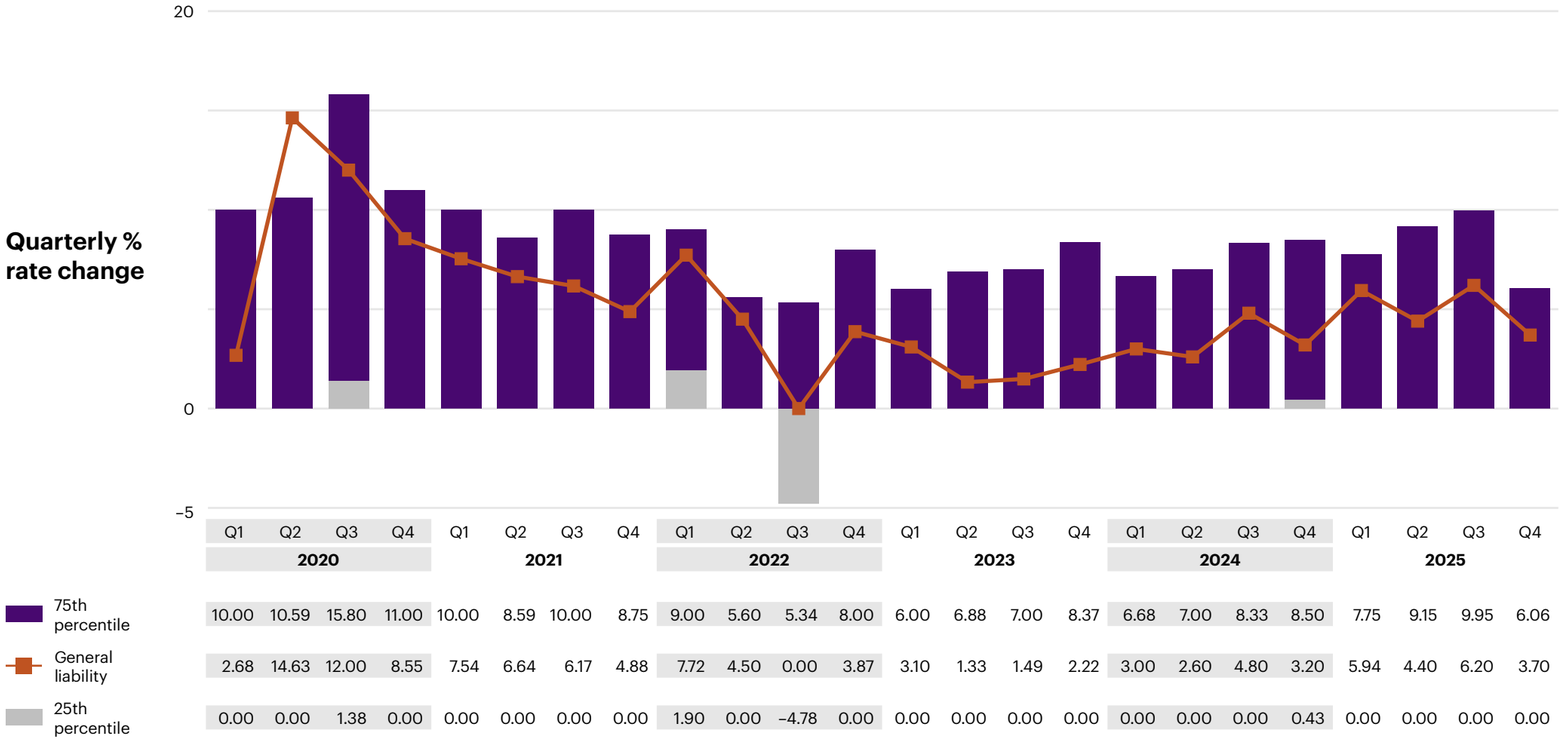
Autonomous vehicle liability is emerging as a distinct casualty issue, with the market moving away from traditional, siloed coverage toward a more blended liability approach. A single incident can now implicate auto bodily injury or property damage alongside product liability and technology-driven causes. In response, carriers across both U.S. and London markets are introducing more tailored policy language that clearly defines autonomous mode, the Operational Design Domain and the role of the "operator," including remote assistance. Purpose built autonomous vehicle liability forms are also becoming more common, designed to address these exposures together rather than forcing them into legacy policy structures.

Cyber-triggered physical loss has become a key focus as well. London markets have led efforts to establish affirmative clarity, while U.S. markets are increasingly aligning to avoid gaps where cyber policies respond to an event but exclude bodily injury or property damage and casualty policies exclude losses tied to systems or data. Simultaneously, underwriting is shifting toward performance based evaluation, supported by federal reporting for Automated Driving Systems and expanding state level safety data requirements. While autonomy could reduce certain loss frequencies, severity remains an open question.

Given the still developing loss curve, program design is increasingly focused on managing volatility rather than simply purchasing additional limit. Markets are responding with more tailored structures, including layered excess programs, reinsurance solutions and optional captive participation. Early signals also suggest that markets are more receptive to autonomous risks when supported by credible operating data, with emerging pricing approaches beginning to reflect credits tied to measurable safety performance and telematics rather than assumptions based.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

General liability renewal statistics



	2020				2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
75th percentile	10.00	10.59	15.80	11.00	10.00	8.59	10.00	8.75	9.00	5.60	5.34	8.00	6.00	6.88	7.00	8.37	6.68	7.00	8.33	8.50	7.75	9.15	9.95	6.06
General liability	2.68	14.63	12.00	8.55	7.54	6.64	6.17	4.88	7.72	4.50	0.00	3.87	3.10	1.33	1.49	2.22	3.00	2.60	4.80	3.20	5.94	4.40	6.20	3.70
25th percentile	0.00	0.00	1.38	0.00	0.00	0.00	0.00	0.00	1.90	0.00	-4.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.43	0.00	0.00	0.00	0.00

Source: Willis CIA Data

General liability posted a $14 billion underwriting loss in 2024 (vs. $4.4 billion in 2023), producing a combined ratio of 121%, its worst performance across liability lines, despite collecting $31.34 billion in premium and being the second-largest liability line. It is expected that year-end 2025 results will fare similarly. Carriers have been shifting their focus to General Liability amid persistent social inflation, legal system abuse, industry-specific exposures and the accelerating severity of nuclear verdicts. In 2025, all major trading partners warned of General Liability rate hikes to come. Reinsurers likewise signaled concern over large-loss development, supporting a reinsurance rate forecast of +7.5% to +20%. Actual General Liability rate performance continued its upward trajectory in 2025, with renewal rates averaging +3.7% in Q4 and 5.7% average in the 2025 calendar year, up from 3.4% in 2024.

Product liability litigation alone has surged 50% over the past decade and now represents one-third of thermonuclear verdicts over $100 million. With growing third-party litigation funding capital, more thermonuclear and nuclear verdicts are expected. Insurers responded with already growing losses, with a $10 billion reserve strengthening, more than double the prior year.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Silent AI and the weakening of intermediary protections

An update from our Tech, Media & Telecom practice:

Global AI regulation is shifting away from a passive-host model toward frameworks that place greater responsibility on users. In the European Union, the EU AI Act formalizes a risk-based structure in which deployers must maintain human oversight, monitor for serious incidents and ensure data quality — effectively making users co-responsible for safe system performance.

In contrast, U.S. companies have historically relied on Section 230 of the Communications Decency Act to insulate both providers and users from liability for third-party content, but this protection is showing signs of erosion in the liability context. Recent court decisions suggest that when AI systems generate, recommend or amplify harmful content, they may be treated as creators rather than neutral intermediaries. This lens could weaken Section 230 protections and expose companies to traditional product-liability standards, as seen in recent large profile court cases.

Legislation in the U.S. is catching up to that of the EU and further emphasizing liability risk. Federal proposals such as the AI LEAD Act would classify certain AI systems as "products" and establish a federal cause of action for resulting harm, while state laws, including California's SB 53, introduce new transparency and safety obligations for AI developers.

For General Liability insurers, these converging trends create a growing "silent AI" exposure, as routine corporate use of advanced algorithms may pose a risk as significant as manufacturing the technology itself. The result is a widening area of potential liability not explicitly addressed in many current policy forms.

Tort reform update: Positive legislation and results

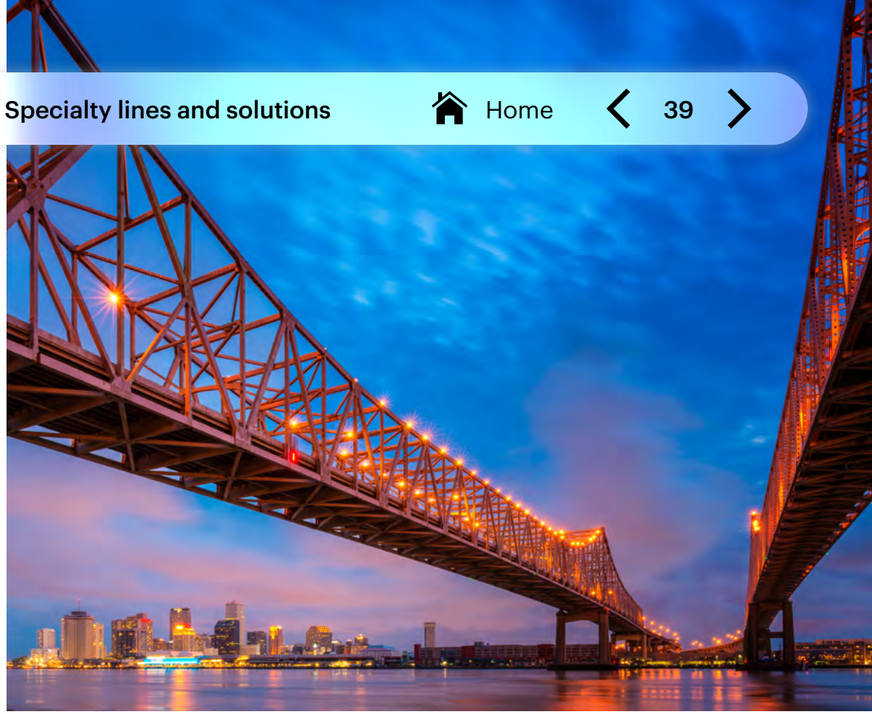
Willis has previously highlighted advances in tort reform efforts across the country, including in last year's IMR. In this issue, we identify additional developments and upcoming efforts, in addition to analysis of the beneficial effects of tort reform in Florida.

Late last year New York joined states that have established a comprehensive framework governing third-party litigation funding, via the "Consumer Litigation Funding Act" legislation. Signed into law by Gov. Kathy Hochul in late December 2025,[3] this legislation will be effective in late June 2026.[4] The Act has multiple important elements, including:

- Funding companies are subject to mandatory registration with the state, and must file annual reports as to the litigation it funds and the amounts charged
- The maximum amount a litigation funding company can recover is 25% of the gross recovery of the litigation (that is, the amount of the settlement or the judgment)
- A prohibition on litigation funding companies controlling litigation strategy and settlement decisions
- Companies cannot refer consumers to attorneys or medical providers or pay referral fees or commissions to attorneys, and attorneys cannot have a financial interest in the company
- Contracts require 10-day opt-out options and express disclosure of terms and payments

3. And 4 Assembly Bill A804C
4. https://www.nysenate.gov/legislation/bills/2025/A804/amendment/C
5. State of New York Bill

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



This legislation is likely to have a significant impact on civil litigation in New York state courts. In particular, the inability of third-party litigation funders to control trial strategy, settlement demands and valuation of a claim should bring down inflated claims designed to maximize a return on investment and not compensate a legitimately injured claimant. Additionally, the bar on referrals is designed to disrupt potentially improper rings of funders, attorneys and third-party experts. Registration of the companies will create a more regulated and identifiable system whereby funders cannot operate in the shadows and inflate claims for their own financial gain.

Other states have also seen the push for significant tort reform efforts resulting in important legislation. Earlier in 2025, Louisiana passed tort reform that shifted civil litigants to a modified comparative fault system, under which a plaintiff cannot recover for a personal injury claim if 51% or more at fault.[6] Additionally, the legislation increased the requirements to prove that an accident caused an injury,[7] and limited recovery for medical bills to the actual amount paid (not just what was originally billed to the provider).[8]

These reforms follow 2024 legislation that limits foreign third-party litigation funders from influencing certain litigation and settlement decisions and makes that litigation financing contract or agreement subject to discovery under rules of civil procedure and evidence.[9]

In Florida, a significant tort reform package passed in 2023 is showing beneficial effects across the state. According to an economic research and analytics firm, the legislation has resulted in:

- An average 14.5% reduction in property and casualty insurance costs relative to what costs would have been without tort reform
- An estimated increase of over $4.2 billion in annual gross Florida business activity product and approximately 29,000 jobs
- Tax benefits and the related insurance savings of roughly $206.6 million to the State and $155.3 million to local municipalities
- Statewide decreases in insurance rates, including cost of homeowners insurance averaging an 8.7% decrease and Workers' Compensation rates decreasing by 6.9%
- Increased competition, with 17 new insurance companies entering the Florida marketplace since the reforms were enacted[10]

Overall, the appetite for tort reform and regulation of third-party litigation funding in a wide variety of states is encouraging. We are seeing results from successful legislative action and a push from industry groups and non-profit advocates to tout the need for governmental action. While these are positive developments, clients are advised to carefully monitor the status of the litigation landscape and consult their risk and legal resources.

6. Louisiana House Bill 431
7. Louisiana House Bill 450
8. ACT No. 466/SENATE BILL NO. 231
9. Louisiana State Legislature/SB355
10. The Economic Benefits of Effects of Tort Reform on Property and Casualty Insurance Rates in the State of Florida

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Collateral solutions

Insured's management of collateral in support of their casualty program has become a much more complex topic in recent years. For this reason, Willis has embedded a collateral and credit team led by Ron Schuler. This team is staffed with actuaries (in placement) to support brokers and clients with experts dedicated to collateral and aligned with Insurer collateral/credit officers The following is an outline of key collateral considerations, particularly with respect to alternative forms of collateral that our clients must be aware of as we navigate this dynamic market.

Surety

While carriers have long accepted surety, in recent years, they have become more flexible in accommodating larger percentages of surety or even accepting 100% surety/ security as collateral depending on total need and the insured's financial strength.

Another innovative approach often used in recent years is Surety-Backed Letters of Credit. These instruments allow the client to post a surety bond to the bank to secure a letter of credit that is then provided to the insurance carrier. This is an effective and often preferred approach for clients as it does not erode their existing credit facility.

In the current macroeconomic environment, with tariffs and other broader considerations at play, the surety market has seen tremendous growth that is anticipated to continue in coming years.[1] Effectively using available surety capacity is key for clients.

Alternative letters of credit

In more recent years, several alternative capital facilities have been developed to help clients secure their casualty programs with letters of credit that are funded and secured by private investment. Similar to surety, this approach is effective for Insured's as it allows them to provide their casualty carriers with a letter of credit without directly eroding their own credit facility. As such, these Alternative Letters of Credit are often referred to as "off balance sheet" credit as it doesn't directly impact their liquidity. Insured's simply pay a fee to the firm to secure the letter of credit and the letter of credit is provided by a bank that the firm has a relationship with.

Alternative approaches to manage collateral

Another impactful way that insured's can manage their overall collateral need is by executing loss portfolio transfers or novations. These are programs whereby insured's transfer legacy liabilities to their incumbent carrier or a third-party carrier. If an Insured has adequate cash, this can often be an important first step to effective collateral management as it can materially reduce the legacy liabilities that would otherwise need to be secured with collateral. This approach has gained traction in recent years, with carriers pricing them more aggressively than they have in years passed.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Important points to keep in mind

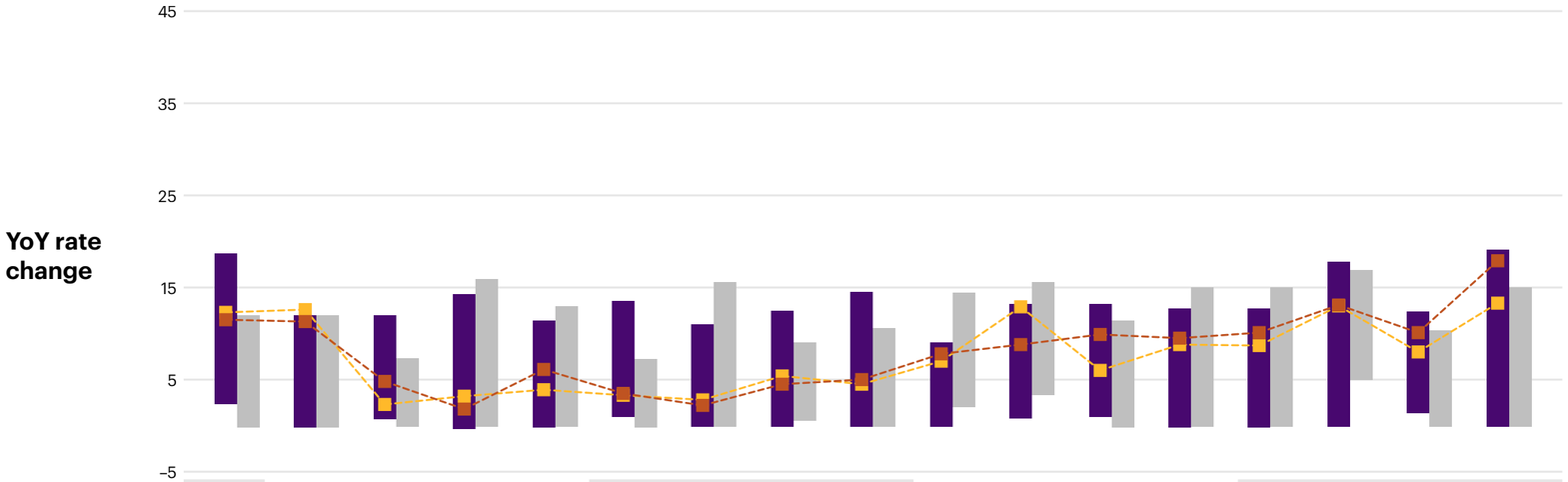
While using creative means to secure a casualty program can be incredibly important for insureds, it's equally important to consider the concerns with these approaches as well.

Relative to surety, the newly enacted tariffs have led to a dramatic increase in demand in the surety bond market.[2] While the surety market is doing a good job of keeping up with this demand, there exists the potential that Insured's may not be able to secure or maintain the surety capacity needed for their casualty program and may have to pivot back to traditional letters of credit unexpectedly.

Likewise, while the use of alternative letter of credit facilities have grown materially, the private credit market is facing increased challenges and private credit appetite for needed capacity could experience a pullback.[3] If this occurs, Insured's may again find themselves in a position where they unexpectedly need to rely on their traditional credit capacity to secure their casualty program. All of these considerations must be weighed when determining an appropriate collateral strategy for an insured.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Umbrella/Excess Liability



	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2021		2022			2023				2024				2025			
UM	11.5	11.3	4.8	1.8	6.1	3.5	2.2	4.5	5.0	7.8	8.8	9.9	9.5	10.1	13.1	10.1	17.9
XS	12.3	12.6	2.3	3.2	3.9	3.3	2.8	5.4	4.5	7.0	12.9	6.0	8.8	8.7	13.0	8.0	13.3

Source: Willis CIA Data

Rate commentary

While the overall rate increases reported in this document are accurate in the aggregate, they don't tell the entire story. We continue to see capacity reductions, rate increases and coverage limitations on certain classes of business, but competition has returned to more desirable classes.

Habitational real estate and hospitality continue to see pressure on capacity, terms and rates, while transportation risks are still seeing pressure on attachment points and rates.

More desirable classes, with good loss experience are seeing increased capacity from both incumbents and new players and little pressure on rate.

Financial institutions, manufacturing and technology (excluding social media and AI) driven accounts could see rate decreases in 2026.

Current trends

Despite 20 quarters of rate increases, we continue to see carriers restrict capacity, demand rate increases and put pressure on attachment points on the tougher hazard classes.

Price, attachment point and capacity deployed have been consistent themes in the NA excess casualty market, but recently coverage limitations are becoming a concern. Underwriting scrutiny around PFAS in products, human trafficking and assault on real estate and hospitality and exposure to third-party hauling have led to limitations in coverage in the excess space.

The flight to E&S has slowed and the admitted market appears to be ready to start expanding capacity on attractive risks/hazard classes. While E&S is still outpacing the admitted market in premium growth, broker-organized side car solutions have relieved a lot of the limit pressure that larger excess towers have faced in past renewal cycles.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Emerging capacity

There has been a lot of debate recently on the value, role and sustainability of MGAs/MGUs. We noted in the last IMR that new capacity was relieving some of the limit pressure generated by shrinking capacity deployment, and that this new capacity was largely made up by MGA facilities and sidecar capacity.

Insurance carriers continue to restrict capacity and MGA capacity and Sidecar capacity, like Willis' own **Gemini** facility, are invaluable tools in completing excess liability towers.

Despite the constraints on excess liability capacity (e.g., Everest's withdrawal from the retail market and Aspen's sale to Sompo) we continue to see questions about the viability in the long and short run of these facilities. Is there a downside to using these facilities to complete towers? Do we really know how this movie ends?

At the foundation of the MGA structure is the "fronting" or "facility" paper on whose behalf the MGA underwrites. Financial security should be the number one concern from anyone who is buying a promise to pay in the future. Willis uses the same scrutiny on MGAs and their front's financial security as we do on existing or emerging carriers.

While the financial rating does not guarantee that the market will be a stable home for our client's insurance needs, it does tell us how well-funded they are and the likelihood that they will be around to pay the claims.

Claims handling is another key component of being a valued partner. While an excess carrier's duty to defend is rarely triggered, when the obligation does come into play, we need to know that the service they provide will be superior. Third party administrators are often used as outsourced claims departments. We scrutinize this aspect of the MGAs model as closely as our clients hire TPAs to manage their claims on their fronted/deductible programs.

Is MGA capacity as reliable in the long run as carrier capacity? The speed with which an MGA can bring a solution to market is what makes them valuable. The lack of initial capitalization to create an MGA encourages entrepreneurism, but this same lack of capitalization might create pressure on the longevity of the venture.

W. Robert Berkley, Jr. called out the potential market impacts of managing general agents several times during a second-quarter earnings conference in 2025 stating, "There is no doubt that inherently, in many of the delegated authority models, there is a mismatch or a lack of alignment of interest between those with the pen and those with the capital."

Does MGA and broker-led sidecar capacity represent a prolonging of the market cycle or necessary solutions in a constrained environment? For now, brokers and clients appear to be firmly aligned with the latter.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Reinsurance spotlight

The U.S. casualty facultative reinsurance market presents a distinctly mixed picture. Increased treaty capacity helped stabilize conditions with flat or slightly improved pricing for most placements, though nuclear verdicts, legal system abuse and third-party litigation funding remain key concerns.

Commercial Auto stands out as the most challenged segment, with significant rate increases even on clean risks. With nuclear verdict activity intensifying across challenging jurisdictions, primary and excess placements are seeing significant rate increases and most reinsurers requiring third-party trucking exposure information included in the submission. Loss-impacted accounts have been the hardest to place, requiring more carriers to fill a program than in prior years.

By contrast, lower-hazard General Liability remained relatively stable with renewals flat or in the low single digits, although reinsurer appetite is tightening around higher-hazard exposures (habitational, hospitality, etc.). Workers' Compensation remains a welcome exception, with an attractive loss profile that has held steady for some time, prompting many cedants to retain more premium and limit facultative purchasing on an individual risk basis.

Life sciences spotlight

General liability	Business auto-liability	Workers' compensation	Umbrella liability	Product and professional liability
+2% to +10%	+10% to +20%	–3% to +5%	+5% to +20%	+0% to +5%

Outside of workers compensation (and certain product liability risks), the Life Sciences casualty marketplace remains in a positive rate environment.

Large claim settlements and nuclear verdicts continue to put pressure on auto and umbrella liability, while carriers grapple with how to deploy their capacity and with what coverage restrictions.

PFAS, biometric data, abuse & molestation and traumatic brain injury have become almost standard exclusions in today's market, with the burden of proof falling to the insured to show clear evidence that the exposure does not exist.

At the same time, carriers are managing their exposure with smaller (or ventilated) lines deployed on tougher product and professional excess towers.

As we look ahead to the rest of 2026, we continue to monitor the increased GL and professional claims tied to AI-driven healthcare, telemedicine and digital health platforms, rising medical costs and complexity on the WC lines and other significant emerging issues such as product liability for GLP-1 risks, cell/gene therapies and benzene, which has seen an uptick in litigation over the past few years.

We do not anticipate meaningful changes to the rate environment in 2026, though there have been new entrants to the life sciences marketplace that are helping to drive competitive leverage with legacy carriers.

Contact

James Sallada
North American Head of Casualty
james.sallada@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Middle Market

Rate predictions

Property

–8% to flat
(Favorable risks)

flat to +8%
(Challenging risks)

General liability

+2 to +7%
(Favorable risks)

+10% to +20%
(Challenging risks)

Automobile

+8% to +15%
(Favorable risks)

+20% to +30%
(Challenging risks)

Workers' compensation

–5% to flat
(Favorable risks)

+5% to +10%
(Challenging risks)

Umbrella & excess liability

+8 to +15%
(Favorable risks)

+15% to +30%
(Challenging risks)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Middle Market

Key takeaways

- The commercial insurance market entering 2026 reflects a mix of increased competition and continued discipline, with outcomes varying sharply by line, industry and risk profile. For middle-market clients, success increasingly depends on proactive planning, data-driven risk differentiation and creative program design to navigate evolving underwriting expectations and emerging risks
- The middle market segment is benefiting from abundant capital and competitive carrier growth targets, but outcomes are increasingly driven by industry-specific risk characteristics, individual loss experience and geographic exposure — resulting in wider divergence between favorable and challenged accounts
- Property conditions remain buyer-friendly for well-managed non-catastrophe (CAT) risks, supported by favorable reinsurance dynamics and expanding capacity; however, secondary perils (severe convective storms, wildfires and floods) continue to influence underwriting discipline, deductibles and portfolio management
- Casualty remains the primary pressure point. General liability and auto liability continue to be shaped by social inflation, litigation funding and nuclear verdicts, sustaining rate pressure and driving structural shifts including higher retentions, corridor approaches and rising attachment points
- Umbrella and excess liability markets continue to recalibrate. Lead limits are compressing and attachment points are drifting upward — particularly for auto-heavy and high-hazard classes — driving increased reliance on multi-carrier towers, buffer layers, alternative capacity and facilities

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Middle Market

Key takeaways (continued)

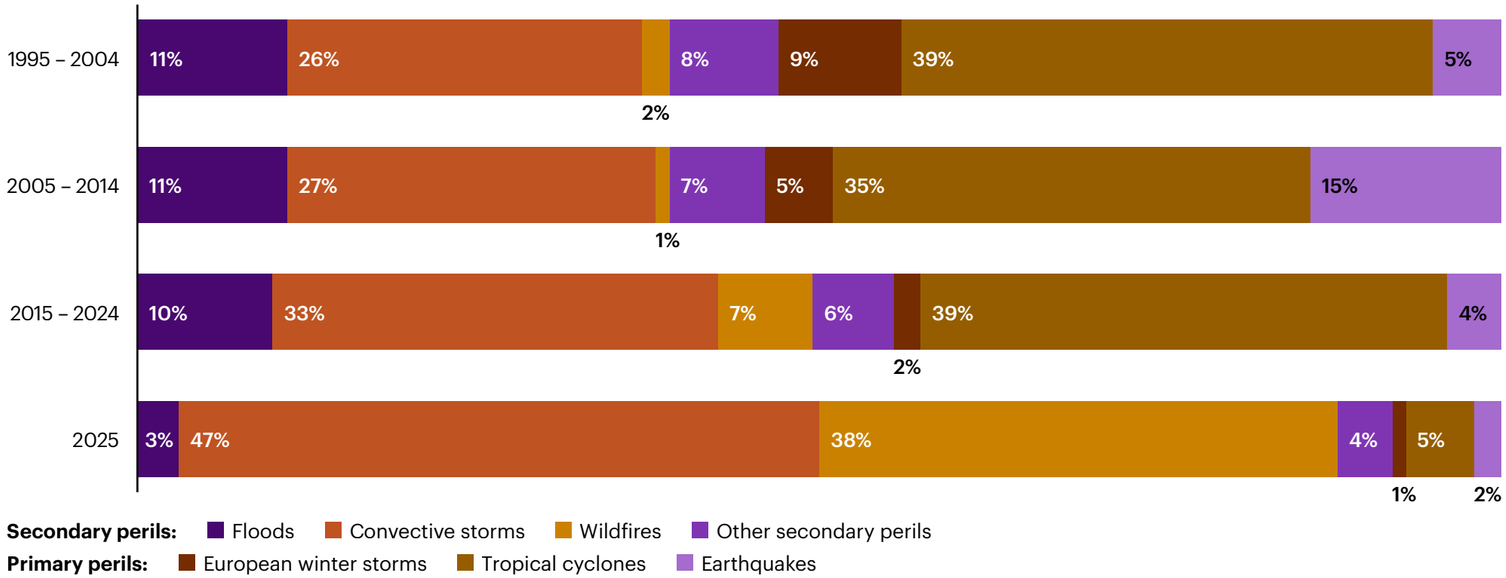
- Workers' compensation remains a relative stabilizer and a strategic lever in multi-line placements, though carriers are increasingly focused on medical trends, reserve adequacy and jurisdictional pressures (notably California) as potential headwinds
- Macro and geopolitical factors are actively shaping underwriting sentiment and risk modeling. Climate volatility, tort reform, regulatory change, labor conditions, tariff-related inflation and supply-chain disruption are influencing exposure assessments, replacement cost assumptions, claims severity expectations and coverage design across lines
- Data, technology and risk transparency are increasingly defining preferred outcomes. Underwriters are relying more heavily on granular exposure data, telematics and safety analytics and demonstrated claims readiness to differentiate risk quality and support sustainable terms.
- Innovation is accelerating alongside constraint. Parametric solutions, captive and structured programs, quota-share arrangements and follow-form facilities are being used to supplement capacity, manage volatility and preserve program continuity
- Specialized products are gaining traction for middle-market buyers, including active assailant, reputational risk, political risk and standalone Sexual abuse and molestation (SAM) solutions — particularly for public sector, education, healthcare, real estate and other visibility-driven classes seeking affirmative protection against emerging loss scenarios
- The broker of tomorrow is already here: analytics-driven, specialized and defense-oriented. As liability volatility increases, claims execution and defense strategies — supported by early incident response, strong documentation and coordinated claims management — are becoming central to preserving capacity and improving outcomes

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Significant insured losses despite no peak peril event in 2025

Secondary perils dominated insured losses in 2025, reflecting the absence of a major hurricane landfall in the US. Wildfires set a new loss record and SCS stayed elevated, together lifting the secondary peril loss share to an all-time high of 92%

Global insured losses from natural catastrophes by peril in 2025 and previous year averages, %[1]



Source: Swiss RE Institute

Property

- Despite a sixth consecutive year of global catastrophe losses exceeding $100 billion, favorable early-2026 reinsurance treaty renewals have acted as a stabilizing force. Improved reinsurance economics following the early 2026 treaty renewals, and loss distribution have supported ample capacity and heightened competition, even amid sustained catastrophe (CAT) volatility[2]
- Property conditions continue to soften for well-managed, non-catastrophe (CAT) risks. Downward rate pressure persists for single-carrier and packaged placements on desirable accounts, with carriers expanding appetite across a broader range of occupancies and loss profiles, increasing overall insurability
- Terms are improving more gradually than pricing. While insurers are increasingly open to enhancements such as reduced retentions and higher sublimits, discipline remains firm in loss-driven areas — particularly water damage and wind/hail deductibles

1 – 2. https://www.swissre.com/dam/jcr:4b5669a3

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- Secondary perils remain central to underwriting strategies. Severe convective storms, wildfires and floods continue to dominate insured catastrophe losses and influence portfolio management, even as U.S. hurricane activity remains below long-term averages
- Valuation scrutiny has moderated as prior underinsurance issues have largely been addressed. Underwriting focus has shifted toward property condition and risk quality, with an increased emphasis on roof age, building improvements and equipment maintenance
- Program structures are becoming more flexible — but also more competitive. Single-carrier placements remain viable for favorable risks, while multi-line and multi-carrier solutions are gaining traction as carriers leverage workers' compensation profitability to offset property and casualty pressures
- In shared and layered property programs, quota-share and structured placements are increasingly common. Some larger single-carrier deals are being reshaped as layered alternatives become more competitive in a softer market environment
- Tariff-related inflation and supply-chain disruption continue to influence replacement cost and business interruption exposure. Embedded cost inflation is extending rebuilding timelines and increasing claim severity, reinforcing the need for accurate valuations, robust BI assumptions and careful assessment of contingent business interruption dependencies
- Meaningful softening has continued in the DIC market for earthquakes, wind and wind buy-down coverage, driven by growing competition and reduced event frequency. Despite this, carriers remain focused on aggregate management and modeling discipline to ensure long-term profitability

Specialized edge — parametric as a precision tool

Parametric solutions are evolving into precision risk-financing tools for middle-market property buyers. When deployed strategically, they can supplement traditional property programs by delivering rapid post-loss liquidity for defined triggers — such as wind, flood or wildfire smoke — while helping manage retention volatility and cash-flow disruption.

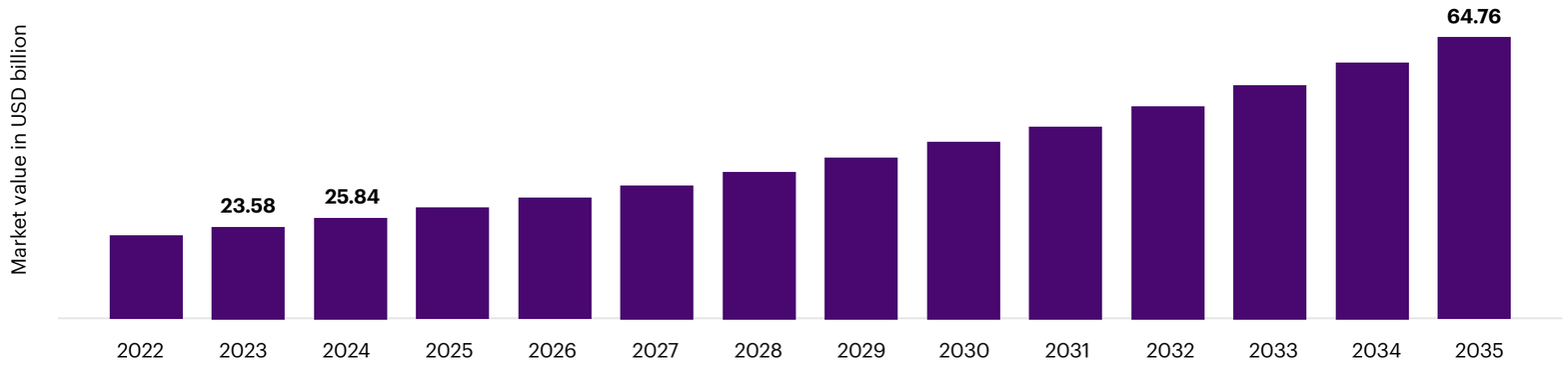
Rather than replacing conventional coverage, the broker of tomorrow integrates parametric solutions alongside disciplined placements to strengthen resilience, reduce structural gaps and support continuity planning where deductibles are rising or terms remain loss-driven.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

General liability

Litigation funding investment market



- Legal system abuse and third-party litigation funding continue to drive volatility in the liability market, with rising litigation frequency and escalating verdict sizes. As per market research future analysis, Litigation funding investment market size was estimated at $23 billion in 2024. The litigation funding investment industry is projected to grow from $25 billion in 2025 to $64 billion by 2035. While nuclear verdicts disproportionately affect large corporations, middle-market clients are increasingly exposed to elevated defense costs and settlement values[3]
- The pervasive influence of social media, combined with plaintiff tactics like reptile theory and anchoring, is eroding jury impartiality and inflating awards, resulting in outsized claim payments and prompting carriers to reevaluate defense strategies and settlement thresholds
- Against a backdrop of ongoing legislative and judicial change, the market is seeing increased uncertainty around long-tail liability exposures, driving underwriting reassessments, reduced capacity in higher-hazard classes and a sharper focus on claims management and risk differentiation
- Florida's recent tort reform measures are beginning to translate into improved loss experience, with early indications of moderating pressure on insurance costs. In contrast, Georgia's tort reform is still in its early stages, and its impact on loss trends has yet to materialize[4]
- Sexual abuse and molestation (SAM) coverage has continued to be difficult to place. However, the lack of availability in the standard market has provided the opportunity for London markets to offer standalone solutions for certain industry classes.

3. https://insurancenewsnet.com/innarticle/florida-tort-reform-a-new-era-for-insurance-company-loss-ratios
4. https://www.marketresearchfuture.com/reports/litigation-funding-investment-market-22886
5. https://instituteforlegalreform.com/research/nuclear-verdicts-an-update-on-trends-causes-and-solutions/

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



- Carrier reserve strengthening and adverse development trends are prompting more conservative underwriting, reduced limits and stricter terms. As a result, alternative risk solutions — including captives, structured programs and quota-share arrangements — are gaining traction among middle-market clients
- While active assailant exclusions are not yet widespread in the middle market, certain industries are seeing increased underwriting focus, with carriers requesting evidence of standalone active assailant coverage
- Carriers are increasingly tightening cyber-related terms in general liability through ISO-style access/disclosure and electronic data exclusions to reduce "silent cyber" exposure and avoid overlap with standalone cyber/tech E&O. Any carve-backs are typically narrow and contingent on baseline controls or affirmative cyber coverage[6]

Specialized edge — defense-driven differentiation

As liability volatility increases, claims management and defense strategies have become critical differentiators for middle-market buyers. Carriers are increasingly rewarding insureds that demonstrate early incident response, strong documentation, disciplined litigation management and proactive risk controls.

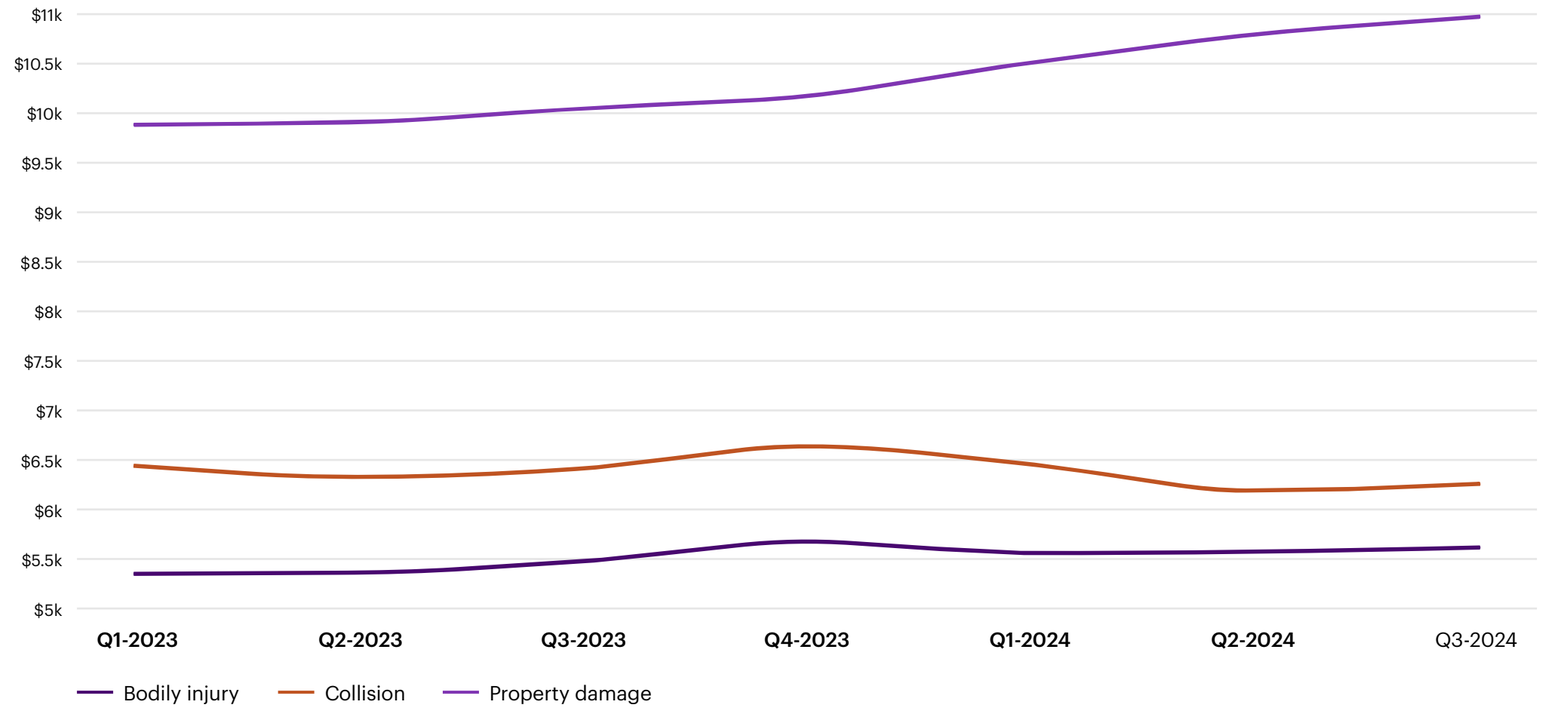
In an environment shaped by litigation funding, jury psychology and long-tail uncertainty, the quality of defense — not just the quality of risk—has become central to liability outcomes. Brokers that leverage technology, data transparency and coordinated claims execution are better positioned to influence settlement behavior, preserve capacity and support structured and alternative risk solutions in an increasingly capacity-constrained market.

6. https://marathonstrategies.com/wp-content/uploads/2025/05/Nuclear-Verdicts-Report-2025.pdf

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Automobile

Litigation funding investment market[7]



Source: LexisNexis® Risk Solutions internal data, 2025

BI severity did have a sharper trend upward, increasing 9.2% year-over-year as of the end of Q3 2024. Between 2023 and 2024, CO and PD severity changes were far more moderate. Collision ended Q3 2024 down year-over-year (–2.5%) with PD finalizing the same quarter up 2.5% in a year-over-year comparison.

- Despite continued efforts to raise rates, increase deductibles and implement risk control measures, insurers remain challenged by rising claim severity and adverse loss development; underwriting results in Auto Liability remain pressured even after sustained rate momentum
- The legislative environment and nuclear verdicts remain a primary headwind. Aggressive plaintiff tactics, increased attorney involvement and third-party litigation funding continue to inflate loss costs, extend claim duration and complicate reserve adequacy
- Market outcomes are increasingly segmented by fleet size, class and operating footprint. Large fleets, transportation and other auto-heavy industries face the greatest scrutiny, with the steepest impacts in higher-risk jurisdictions

7. https://lexisnexis.turtl.co/story/2025-us-auto-insurance-trends-report/page/6/2

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



- Loss drivers remain multifaceted: distracted driving persists, and driver shortages — particularly in trucking and transportation — have contributed to relaxed hiring standards and a deteriorating loss experience
- Vehicle mix and technology are compounding both frequency and severity. Larger and more powerful vehicles and advanced safety technology increase bodily injury severity, while ADAS and repair complexity elevate physical damage costs
- The rising cost of physical damage claims continues to reshape auto-liability economics. Supply chain delays and longer repair cycle times increase downtime, and fleets are reaching total-loss thresholds more frequently when repair costs exceed actual cash value.
- Program structure continues to shift even for middle-market buyers. Higher deductibles/retentions, corridor-style structures and rising attachment points are increasingly used to manage volatility for auto-heavy risks, particularly in higher-risk states
- Underwriters are demanding more granular data, including MVRs, driver qualification/hiring protocols, telematics outputs and detailed information on hired/non-owned and contingent auto-exposures; data transparency and measurable safety performance are increasingly differentiated in underwriting outcomes
- Facultative reinsurance can help carriers manage net lines on auto-heavy risks, but FAC terms and capacity are increasingly selective for challenging fleets, particularly where frequency and large-loss trends remain elevated

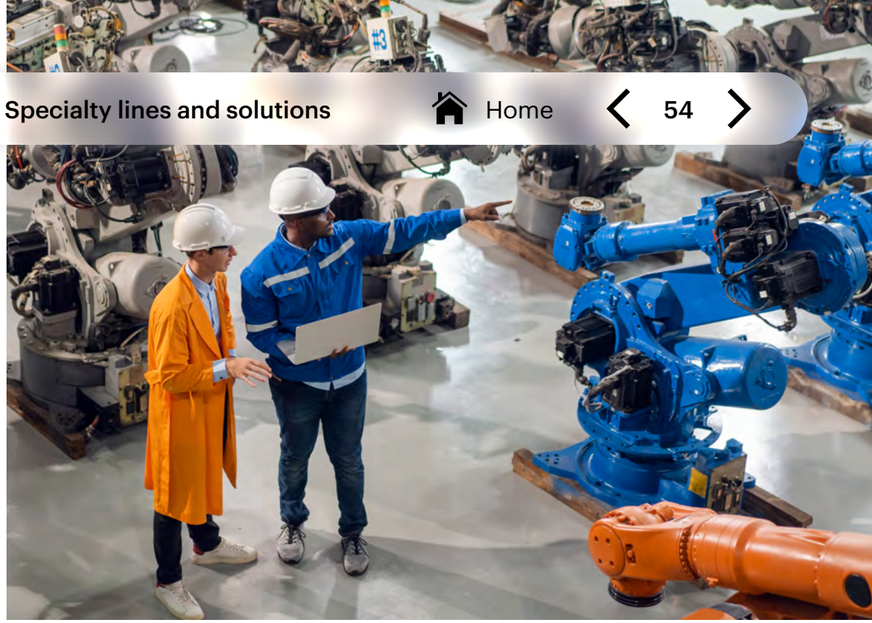
Specialized edge — program innovation

Coverage and program innovation are accelerating. Alongside claims-made, facility capacity, technology-enabled auto-solutions — particularly in transportation and fleet segments — are expanding where insurers and MGAs leverage telematics, algorithmic models and AI-driven workflows to refine.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Workers compensation

- As other casualty lines remain pressured, workers' compensation can be a strategic stabilizer in multi-line programs. Employers that pair a strong safety culture with measurable data (analytics, incident trending and early intervention) are best positioned to sustain favorable outcomes such as medical trends, regulatory change and claim complexity increase.
- Middle-market carriers are refining program structures and enhancing service platforms to differentiate themselves in a competitive landscape. Dividend offerings, loss-sensitive plans and multi-line bundling strategies are increasingly used to attract and retain clients, with insureds leveraging workers' compensation performance to negotiate more favorable terms across their broader casualty programs
- Workforce dynamics continue to influence exposure. Wage growth, higher turnover and increased injury rates among first-year employees are driving greater underwriting scrutiny in healthcare, hospitality and construction, while hybrid/remote work raises new questions around compensability and ergonomics
- Regulatory and legislative activity is increasing. Expanding presumption laws and evolving mental health/PTSD compensability (including broader eligibility beyond traditional first responder classes in some states) could increase frequency and severity in affected industries and jurisdictions
- Medical inflation and treatment utilization remain central themes for 2026. Rising medical costs can extend claim duration and increase total loss costs, prompting carriers to focus on claim forecasting, reserving discipline and medical management strategies
- A bifurcated outlook is emerging by jurisdiction. California is viewed as an early indicator of potential tightening, as medical inflation, cumulative trauma litigation and reserving pressures have increased scrutiny and contributed to a higher-loss environment
- National results remain favorable, with claim frequency continuing to decline even as medical and indemnity severity trends persist — supporting stable conditions in most states while reinforcing the importance of loss prevention and timely claim intervention



- Workers' compensation remains one of the most profitable and competitive commercial lines nationally, with multi-year underwriting gains and continued rate stability for many buyers; however, carriers are increasingly watching rate adequacy, reserve strength and medical trend as potential headwinds

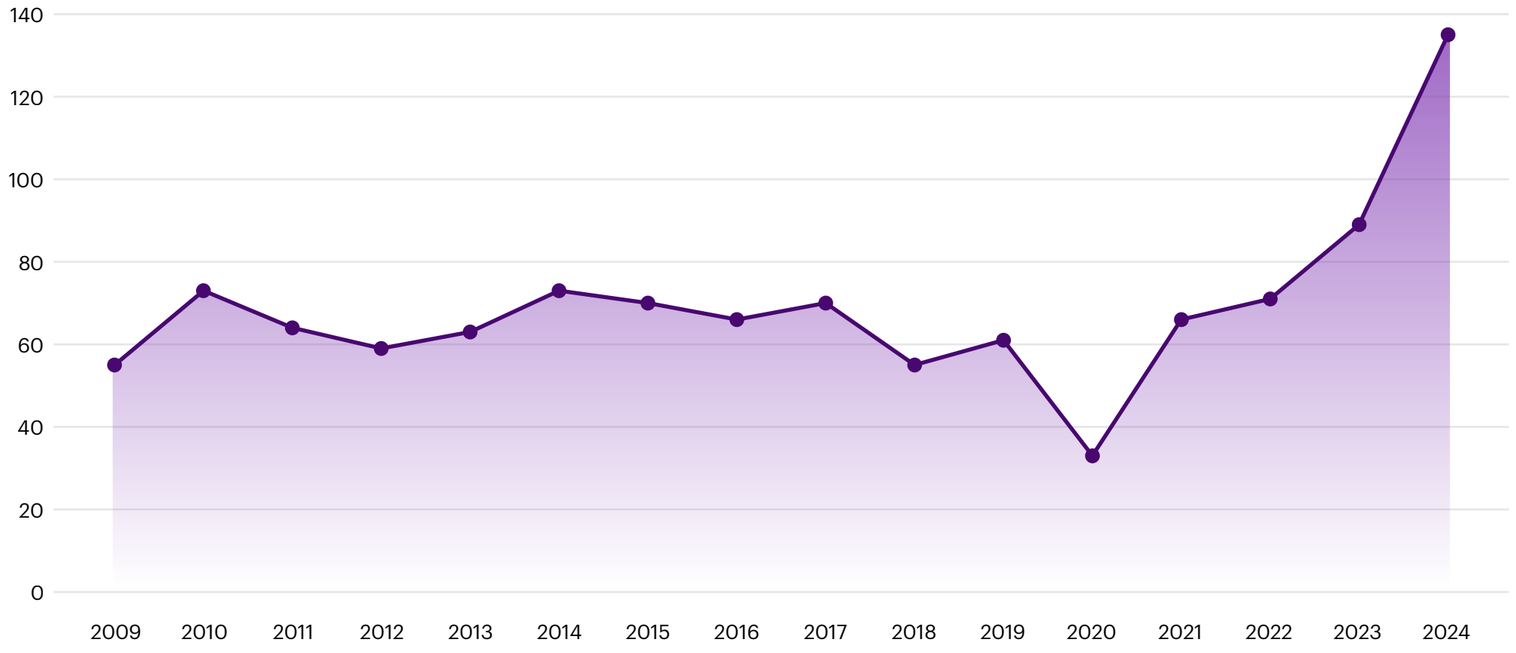
Specialized Edge — workers' compensation in 2026

- Technology-enabled safety and claims management is becoming more prominent. Predictive analytics, AI-powered monitoring and wearable devices are increasingly being used to identify risk, improve safety outcomes and support data-driven underwriting differentiation

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

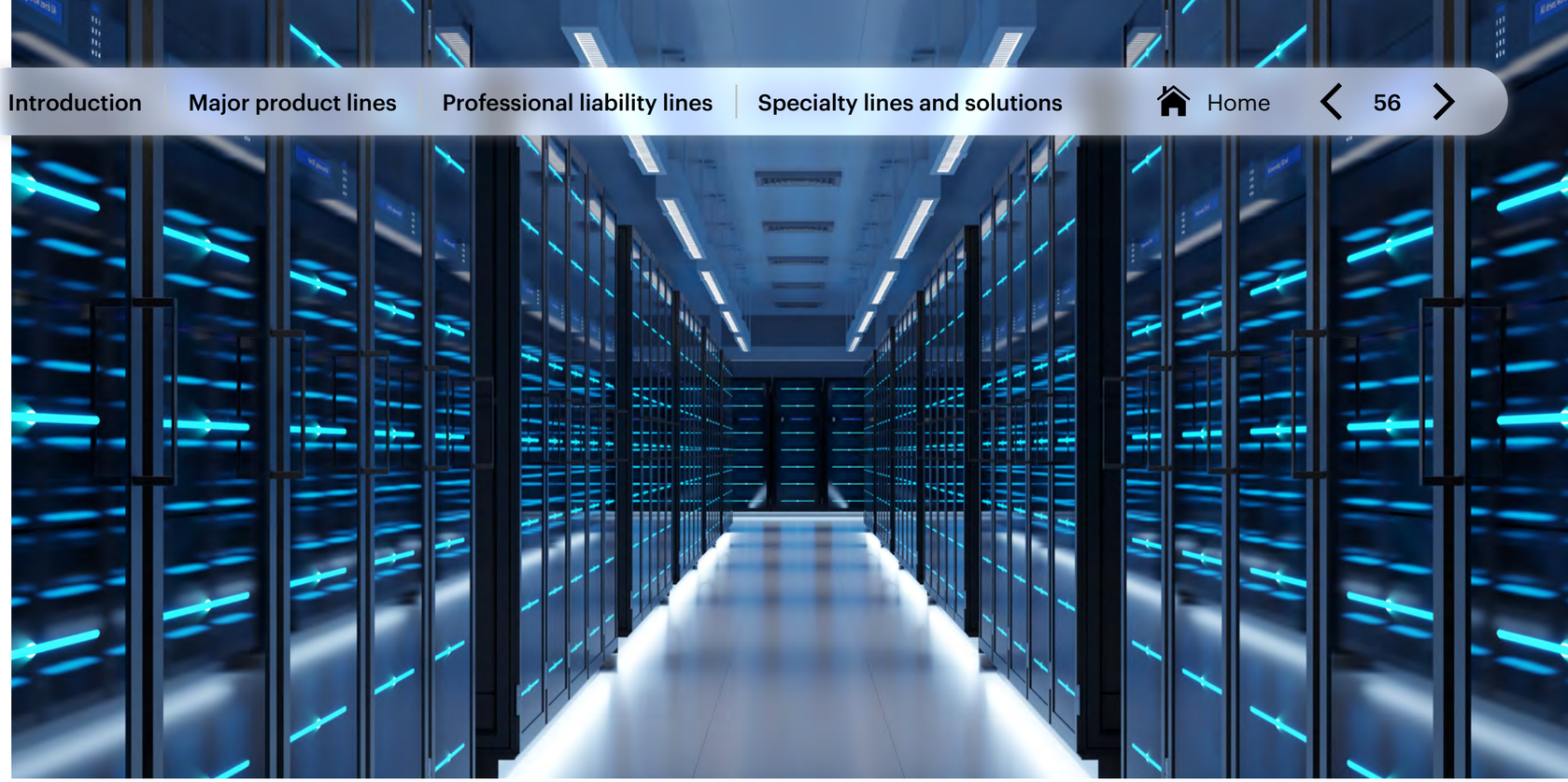
Umbrella and excess liability

Number of corporate nuclear verdicts: 2009 – 2024



- Nuclear and outsized verdicts continue to disrupt the umbrella and excess market, reducing loss predictability and driving underwriting discipline. Product liability claims are a growing contributor to severity, fueled by anti-corporate jury sentiment, non-economic damages and large awards concentrated in state courts — prompting carriers to add exclusions, reduce deployed limits and reassess attachment strategies[5]
- Benchmarking and contractual review are becoming essential tools for clients navigating rising premiums and shrinking capacity. Many are reassessing how much limit is truly required based on contractual obligations, peer comparisons and evolving risk profiles
- Capacity constraints are accelerating structural change across access programs. Carriers are shifting attachment points upward, capping lead limits and reducing line size, particularly for high-severity risks. Where reductions occur, London and E&S markets, along with auto-follow and facility solutions (such as Willis' **Gemini** capacity), are helping clients rebuild towers and manage continuity of coverage

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



- Unsupported lead umbrella placements face heightened scrutiny. Many carriers are capping lead capacity at $10 million –$15 million for favorable risks and as low as $5 million for challenged classes such as habitational real estate, often requiring split leads, increased minimum premiums and tighter underwriting terms
- High-hazard industries and auto-heavy accounts are being pushed to higher attachment points. Where primary markets cannot accommodate these shifts, buffer layers and structured placements are increasingly being used to bridge gaps and preserve overall tower integrity
- Exclusions continue to expand and harden across excess towers. PFAS, sexual abuse and molestation, traumatic brain injury, wildfire, assault and battery, human trafficking, biometric risk and cyber exclusions are now common, with carriers limiting coverage, increasing attachments or declining participation where exposures persist
- Benchmarking and contractual review have become essential components of limit strategies. As premiums rise and capacity fragments, clients are reassessing required limits based on contractual obligations, peer alignment and evolving severity profiles rather than historical purchasing norms
- Underwriters now expect demonstrated risk management maturity — not just policy statements. Proof of protocols (e.g., human trafficking controls, fleet telematics, safety programs) has shifted from a differentiator to an expectation, influencing coverage availability, pricing and willingness to consider exclusion carve-backs

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Emerging risk insight — TMT & digital ecosystem

As part of WTW's continued focus on delivering industry specialization to our clients, we are launching an ongoing Middle Market Emerging Risk Insight series to explore risks shaping tomorrow's marketplace. To kick off the series, this first edition focuses on the Technology, Media and Telecommunications (TMT) industry and the digital ecosystem, where rapid innovation, data and connectivity are reshaping both opportunity and exposure across the middle market segment.

Emerging theme	What's driving carrier concern	Client considerations
Generative AI	Limited claims history and rapidly evolving use cases make liability difficult to predict. Insurers are focused on AI-driven outputs that influence decisions, communication or behavior — particularly misinformation, bias, privacy leakage, deepfakes and potential bodily injury claims (e.g., mental anguish). Existing technology GL rating structures do not adequately price these exposures, while scale and class-action risk elevate severity and defense costs	AI risk often spans multiple policies and is not always affirmatively covered. Alignment between operations, disclosures and insurance programs is critical. Clients should demonstrate structured AI governance, human oversight and controls designed to prevent inaccurate, biased or unethical outputs to support market confidence.
Online betting, gambling and gaming	Heightened regulatory scrutiny tied to addiction, financial harm, minors' access and data protection remains a core concern. In-game monetization, advertising practices and use of third-party content increase exposure to bodily injury, consumer protection and intellectual property claims, with evolving class-action theories adding volatility.	Coverage availability and pricing vary significantly by jurisdiction and business model. Regulatory change or rapid platform growth can quickly shift insurer appetite. Evaluation of IP coverage and manuscript solutions for addictive behavior or gaming-specific exclusions is increasingly important.
Social media and content creation	Large-scale personal data handling (often involving minors), user-generated content and content moderation create exposure for defamation, misinformation, IP infringement and privacy claims. Engagement-driven features elevate bodily injury and sexual assault risk tied to in-person interactions, while platform outages expose advertisers and creators to loss.	Liability can arise from owned and third-party content. Limitations around personal and advertising injury or media coverage may create gaps if not clearly understood. Strong moderation practices, age verification, safety controls and privacy governance are key underwriting considerations.
Crypto and digital assets/currency	Digital asset platforms face difficult-to-model loss scenarios driven by private key loss, fraud, ransomware, regulatory enforcement and 24/7 uptime expectations. Asset custody failures, volatility and allegations of misrepresentation or fraud continue to constrain insurer appetite.	Coverage terms are often restrictive and may exclude certain digital asset activities entirely. As regulatory frameworks evolve, insurability and coverage scope may shift even without material operational change. An ongoing review of risk transfer strategy is essential.
Healthcare information technology	High-value protected health information (PHI), operational criticality and expanded attack surfaces from system integration drive underwriting discipline. Technologies that influence diagnosis or treatment — including AI-enabled tools — introduce elevated bodily injury and severity concerns.	Insurers favor administrative, workflow and analytics solutions with strong security controls. Clients must clearly delineate technology's scope and ensure potential bodily injury exposure is appropriately addressed between a general and professional liability program

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

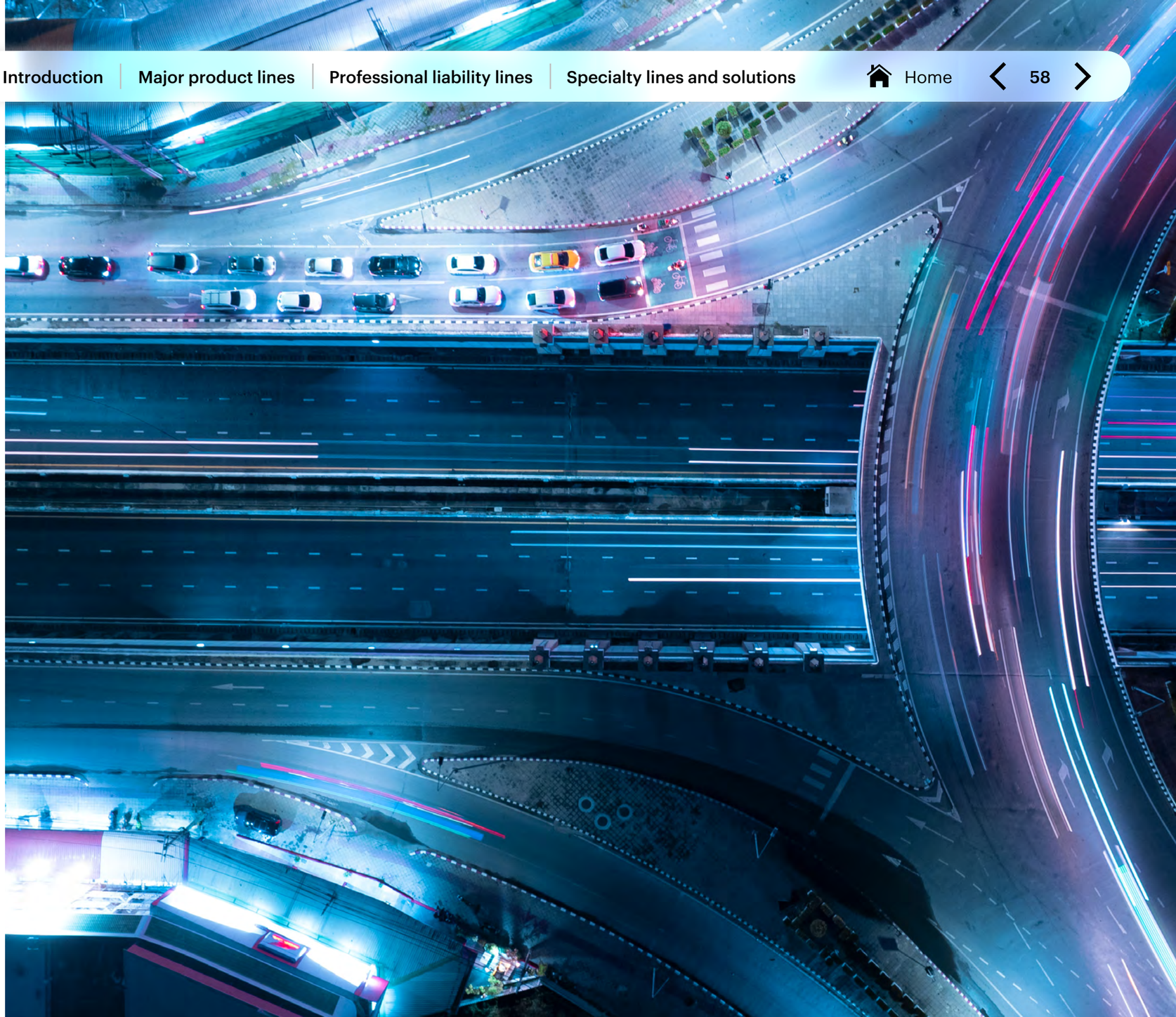
Contact

Krista Cinotti
Head of Placement Strategies, CRB North America
Head of Middle Market and Select,
CRB North America
krista.cinotti@wtwco.com

Beth Cohon
Head of Middle Market Placement,
North America
elizabeth.cohon@wtwco.com

Jessica Graham
Head of Middle Market Strategy & Execution,
North America
jessica.graham@wtwco.com

Emily Paolucci
Head of Middle Market Growth, North America
emily.paolucci@wtwco.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Canada Casualty

Rate predictions

General liability, low/moderate risks

–5% to flat

General liability, high-hazard risks

flat to +5%

Umbrella/excess liability, low/moderate risks

–5% to flat

Umbrella/excess liability, high-hazard risks

flat to +5%

Auto liability

flat to +10%

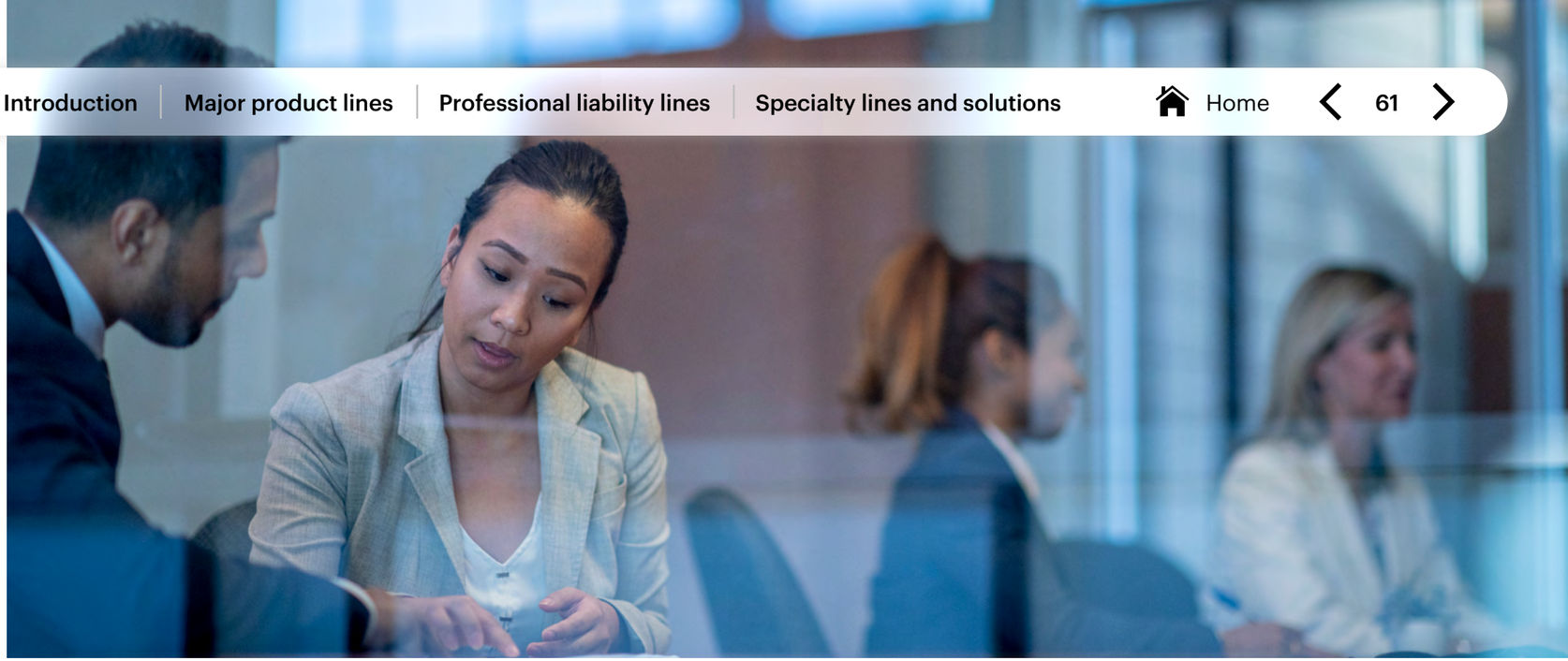
Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Canada Casualty

Key takeaways

The Canadian casualty insurance marketplace is expected to remain capacity-rich and lean-soft, with insurers operating in an increasingly competitive environment driven by improved financial results and a broader return of capacity to casualty lines. This competitive pressure is being amplified by a significantly softened reinsurance market, where global reinsurers are profitable; capacity is exceeding demand and lower reinsurance costs are enabling insurers to deploy casualty capacity more aggressively. As a result, insurers are prioritizing high-retention and no-lost-business strategies, revisiting previously exited lines such as auto and mid-market business and aligning underwriting appetite with segments offering the strongest profitability potential in the Canadian landscape. These dynamics indicate that capacity availability and competitive momentum will likely continue well into 2026, reinforcing a marketplace where insurers compete assertively for growth while refining their focus on strategic lines of business.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



General liability

- Following consecutive quarters of softening, the general liability market remains highly competitive, with insurers aggressively defending existing portfolios, while rate reductions are becoming more moderate as pricing nears a potential bottoming-out, making price a harder selling point and increasing the importance of enhanced placement and retention strategies
- Buyers are benefiting from broadened options, including more willingness from insurers to write primary or tranche layers and multiline or specialty solutions, reflecting a softened appetite for risk acceptance across certain industry classes as insurers seek to drive profitability in a crowded market
- Brokers are positioned for stronger influence, group program structures and packaging general liability placements as insurers compete more aggressively for share in a capacity-rich environment
- Where pricing pressure exists, abundant general liability capacity continues to stabilize the marketplace, sustaining competition and preventing aggressive rate firming despite mixed signals in other casualty segments
- Regional severity trends, litigious jurisdictions and individual risk quality (including loss performance) will increasingly differentiate accounts, with these factors driving firmer pricing on higher-risk business even as the broader market remains soft-leaning

Automobile liability

- Insurance providers continue to struggle balancing rate stability with intense market competitiveness, while facing rapidly rising repair costs, escalating auto-theft, higher medical and injury expenses, labor shortages, wage inflation and longer repair times that drive up rental reimbursement costs
- Writing Canadian auto-liability often sits within broader multiline strategies for insurers, which further suppress rate-increase opportunities and add pressure to underwriting margins as insurers compete to retain and grow accounts
- Provincial regulatory pressures continue to complicate pricing and portfolio management, with insurers navigating uncertainty around Ontario's July 1, 2026, auto reform and Alberta's good-driver rate cap, which restricts pricing flexibility and is prompting some insurers to consider pulling capacity or limiting coverage

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Umbrella/Excess liability

- A softened market is expected to continue throughout the majority of umbrella and excess liability layers with exceptionalities around lower-quality risks and where insurers remain selective where social inflation and nuclear verdicts tied to auto-severity and catastrophic claims remain or are growing in threat
- To remain competitive, increased structural innovation and program design using buffer layers, quota-shares, captives and facility-based solutions are being deployed to help manage volatility, address capacity gaps and improve pricing outcomes
- As MGA expansion accelerates, much of the new competitive capacity initially targets excess layers, giving buyers more options, particularly in upper tiers where MGAs are arguably more stable and have a low-volatility entry point while they work to establish broader market credibility

Hardening personal lines: A caveat to the softened Canadian casualty marketplace to consider

- Personal-lines profitability pressures are shaping underwriting behavior across the entire insurer portfolio, marked by rising auto-loss costs, inflation and regulatory constraints, making them more cautious even in softening commercial casualty segments
- Insurers still look to preserve margin discipline, tightening terms, scrutinizing loss histories and selectively competing even as surplus capacity exists. This means pricing relief is available, but not universally or without underwriting rigor
- Personal-lines strain limits insurers' willingness to aggressively chase commercial growth, resulting in a cautiously soft market where underwriters seek long-term stability, especially for risks with U.S. exposure, higher hazard classes or poor controls
- For commercial casualty buyers, the impact is a nuanced environment where attractive pricing and increased capacity may be accessible, but underwriting expectations are elevated, and only well-managed risks fully benefit from the improved market conditions

Natural catastrophe volatility, though primarily a property issue, is increasingly influencing insurer capital deployment strategies, indirectly shaping the capacity and tone of the Canadian casualty market

- NatCat-driven capital volatility affects casualty appetite, as rising catastrophe losses (wildfires, floods, severe storms) force insurers to adopt more disciplined capital allocation and reinsurance strategies across all lines, including casualty, despite the losses being property-driven
- Although the past year has been CAT-light and has eased short-term pressure, insurers remain vigilant about deploying excessive excess capacity, mindful of expected future climate-related volatility and the need to preserve capital strength
- Without a major trigger event, a sustained hardening of the casualty market remains unlikely, and insurers are maintaining a cautious stance, closely watching the upcoming 2026 catastrophe (CAT) season, which could quickly disrupt the current calm, impact capital positions and delay any true "bottoming out" of casualty pricing and underwriting posture

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



M&A momentum and MGA expansion contribute to changes in Canada's casualty landscape, accelerating competition for market share

- Insurer and distributor consolidation is accelerating, with major deals reshaping market structure and strengthening the dominance of top insurers and intensifying competitive pressures
- MGA growth continues to surge, with new MGAs and facility-based solutions adding capacity, introducing niche underwriting strategies and expanding options for casualty buyers, reflecting a fast-maturing delegated authority ecosystem still earlier in its evolution than the U.S. surplus lines market
- The combined effect is heightened competition for market share, as MGAs, insurers and consolidating broker networks increase buyer choice but also raise expectations on data quality, risk differentiation and underwriting engagement

Contact

Vicki Sukhu
Head of Strategy & Execution and
Head of Casualty Broking (Canada)
vicki.sukhu@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Canada Property

Rate predictions

Non-catastrophe exposed
–15% to –5%

Catastrophe exposed
–5% to flat

Key takeaways

- The Canadian property market has remained highly competitive through Q1 2026, with insurers actively deploying capacity to protect their existing portfolios and pursue new business
- Reinsurance renewals remained stable on January 1, 2026, and property capacity remains high. Insurers are feeling pressure to put capacity to work, prompting them to revisit accounts and maximize capacity deployment

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Competition continues to drive down rates[1]

Two major forces are shaping today's competitive commercial property insurance market: Expanding capacity and improved loss performance.

Abundant property capacity continues to fuel aggressive competition, often resulting in substantial premium savings for insureds. Double digit rate reductions remain common, and top-tier accounts with strong loss histories can achieve decreases exceeding 20% when fully marketed.

Simultaneously, the market is beginning to see notable insurer consolidation. Recent examples include Definity's acquisition of Travelers Canada, Everest Canada's pending acquisition by Wawanesa and global transactions such as Zurich acquiring Beazley and Sompo acquiring Aspen. It remains to be seen whether this consolidation will ultimately reduce available capacity and temper current competitive pressure.

Improved insurer loss performance is also encouraging insurers to deploy more capacity, with many seeking to maximize their line size on desirable accounts. As a result, property placements are frequently oversubscribed, sometimes by nearly 50%, highlighting just how much capacity is currently chasing quality risks.

Secondary natural catastrophe perils continue to impact the market in Q2 and Q3

As we move into Q2 and the start of spring, it's a timely reminder that Q2 and Q3 are the most active periods for natural catastrophe exposure in Canada. Flood risk rises in Q2 as melting snowpack and seasonal rainfall can push rivers beyond their banks. Wildfire season begins in March, with activity intensifying through Q3. Similarly, most convective storm events (hail, wind and severe thunderstorms) occur in Q3, further heightening catastrophe potential.

To date, the personal lines market has absorbed the majority of insured losses from these natural perils, while the commercial market has largely remained insulated from major catastrophe driven impacts.

That said, the risk to commercial insureds remains very real. Clients should continue to assess their exposures in catastrophe prone regions and regularly review limits and coverage to ensure they remain adequate in the face of evolving natural hazard trends. Insureds are encouraged to review their time element provisions to ensure the indemnity period is sufficient to cover the full duration of potential shutdowns following a natural catastrophe. This review should also include related extensions, such as civil authority, ingress/egress and service interruption, to confirm that these coverages are appropriately structured and adequately limit potential exposure.

1. https://canadianunderwriter.ca/news/claims/avivas-2025-results-see-diverging-personal-commercial-lines-pricing/

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Insureds should review program terms[2]

Building on the above, insureds should take advantage of the highly competitive market and abundant capacity to reassess limits, sub limits, retentions and policy wording. With additional capacity readily available, increasing limits to more appropriate levels isn't only feasible but often advisable. Brokers play a key role by proactively guiding clients through a review of wording and limits to ensure coverage adequacy and overall program alignment.

Beyond limit adequacy, brokers should work with clients to identify any unfavorable coverage terms that could negatively affect recovery in the event of a loss, coinsurance being a prime example. Over the past five years, insureds have had to evaluate their insurable interests amid significant uncertainty and disruption, driven by pandemics, geopolitical conflict, price volatility and supply chain instability. These factors can materially influence insurable values, making it essential for clients to regularly review their declared values and indemnity periods and understand the risks associated with under insurance or insufficient indemnity duration.

Unfavorable terms such as coinsurance can further impact loss settlement. As such, brokers should be advising clients to validate the adequacy of their values ahead of renewal, consider increased limits where appropriate and remove restrictive terms that could hinder recovery following a claim.

Beyond rate relief and improved coverage consistency across the insurer panel, markets are increasingly open to value enhancing features such as long term rate agreements, no claims bonuses and engineering credits. These options create further opportunities for insureds to capture meaningful program benefits. Insurers are also taking a more holistic view of accounts, often seeking to strengthen their position on the entire account by supporting multiple lines across the broader program.

Contact

Jennifer Davis
Director — Head of Property Placement (Canada)
jennifer.e.davis@wtwco.com



2. https://canadianunderwriter.ca/news/claims/itv-gap-widens-as-co-insurance-clauses-catch-businesses-off-guard/

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Bermuda

Rate predictions

Property (Non Natural Catastrophe exposed (Non-Nat CAT))

–30% to –15%

Property (Natural Catastrophe exposed/loss free)

–20% to –10%

Casualty

Flat to +20%

Employment practices liability (EPL)

Flat to +15%

Wage and hour

+5% to +20%

Umbrella/excess liability, low/moderate risks

–10% to +5%

Umbrella/excess liability, high-hazard risks

– 10% to +10%

Auto liability

Flat to +25%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The Bermuda market is central to supporting large and complex risks, providing meaningful capacity and flexible structuring across programs to complete global towers. Market conditions remain mixed, with property and certain financial lines soft or stable, while casualty continues to firm. As underwriting cycles diverge across lines and geographies, Bermuda plays a critical role in bridging capacity gaps and ensuring the completion of global programs.

Bermuda property

Market environment

Q1 2026 saw continued rate softening, with well-performing non-CAT businesses achieving reductions of 15% to 30% and CAT-exposed loss-free accounts delivering decreases of 10% to 20%, depending on peril and attachment. Loss-impacted CAT risks saw more moderated rate decreases, though double-digit reductions remained achievable in select cases.



Key takeaways

- Competition remains extremely strong, supported by over $2.5 billion of Bermuda's capacity
- The latest wave of new entrants ("Class of 2026") has expanded the market to 17 carriers, reinforcing Bermuda's position as a deep and competitive capacity pool while adding complementary capacity across programs
- This complementary capacity is enhancing Bermuda's ability to deploy line size across Q/S, primary and excess layers, improving certainty of tower completion for large and complex risks
- Carriers are increasingly willing to support stretched limits and layered structures, while maintaining a focus on underwriting discipline and long-term profitability.
- Bermuda continues to differentiate through its ability to provide consistent, multi-layer capacity across entire programs, rather than isolated participation

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Bermuda casualty

Market environment

Casualty rates continue to increase, with Q1 2026 marking the seventh consecutive year of rate firming. While low-hazard risks are seeing low single-digit increases, high hazard and loss-affected accounts continue to experience more pronounced upward pressure. Additional capacity from new entrants and the introduction of the Gemini facility has begun to moderate the pace of increases, though overall market direction remains upward.

Key takeaways

- Bermuda remains the primary source of casualty capacity growth relative to U.S. and London markets
- Social inflation and loss severity continue to drive underwriting discipline and rate increases
- Additional capacity and facility participation is expected to moderate the pace of increases in H2
- Construction is a key growth area, with strong carrier appetite and increased pipeline activity
- Bermuda's depth of market and ability to deploy capacity across towers continues to attract increased client engagement

Bermuda financial lines

Market environment

The Bermuda financial lines market remains competitive overall, but with increasing divergence across products. Core lines such as D&O, Cyber and EPL are stabilizing following a prolonged soft market cycle, with rate reductions slowing and, in many cases, flattening. In contrast, wage and hour and Professional Liability continue to experience upward pressure driven by elevated claims activity, regulatory developments and loss severity

Capacity remains robust across the segment, supported by both incumbent markets and new entrants, allowing Bermuda to continue to play a central role in supporting large and complex placements. Simultaneously, underwriting focus has become more selective, with pricing, retentions and structures increasingly tailored to industry, jurisdiction and loss experience

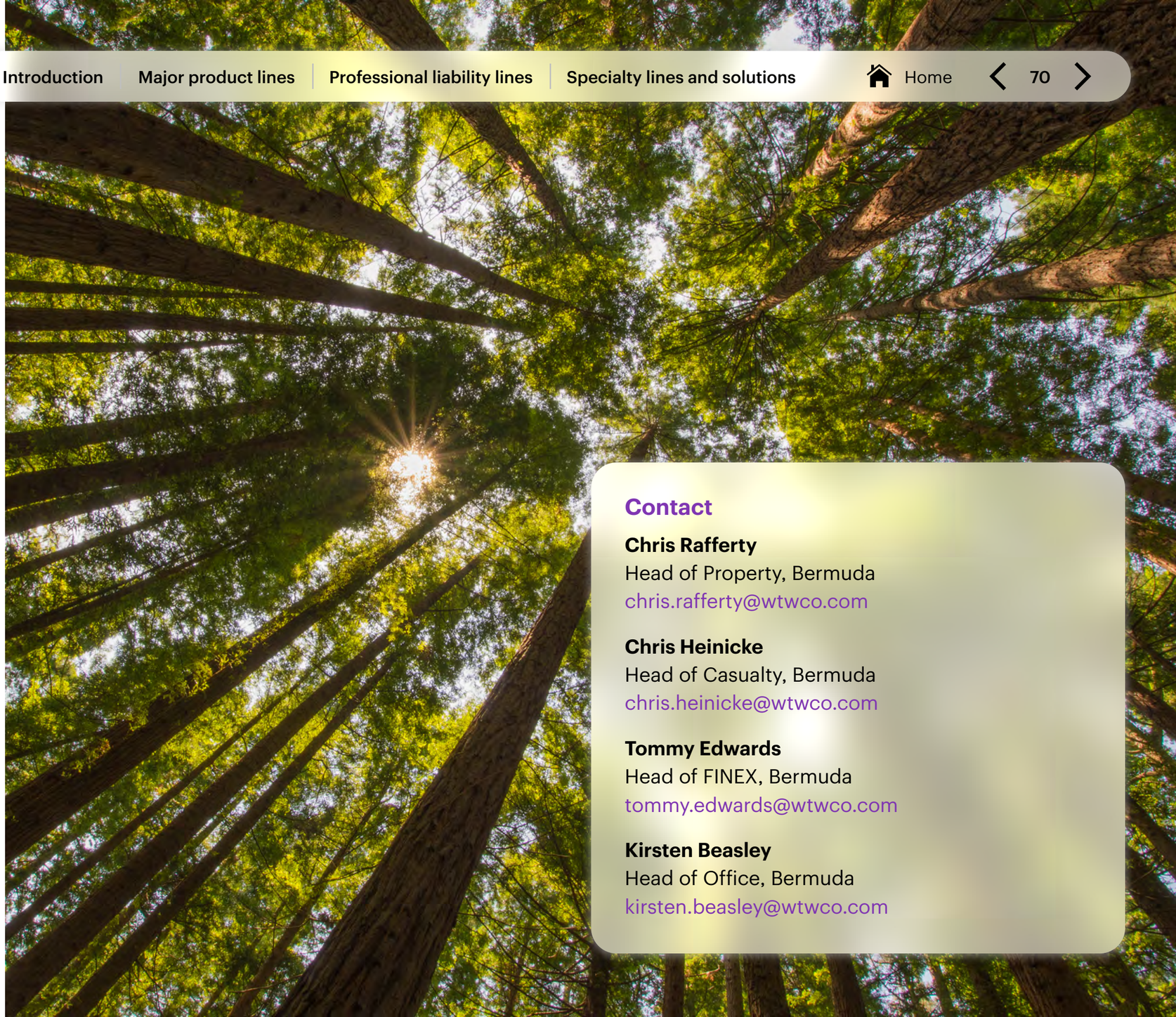
In the tax and transactional space, increased submission flow to Bermuda is driving greater engagement and appetite from carriers. In addition, while not core to all markets, Bermuda continues to develop solutions for more disruptive industries, including pharma tech, fintech, AI and digital assets, reflecting Bermuda's flexibility and innovation in addressing evolving risk profiles.

Key takeaways

- **Bermuda's role in financial lines remains structural, not opportunistic**
  The market continues to provide consistent excess capacity, layering flexibility and access to multiple carriers, supporting the placement and completion of large and complex global programs
- **D&O: Soft market stabilizing with increased underwriting discipline**
  Rates are largely flat to modestly down for well-performing risks, with carriers showing greater resistance to further reductions as minimum rate adequacy thresholds are approached. Bermuda continues to be a leading market for large and complex Side A and excess placements
- **EPL: Stable with targeted pressure on higher-risk exposures**
  Clean risks are achieving flat to modest increases, while accounts with California exposure or class action risk continue to attract higher pricing and structured retentions. Capacity remains stable following prior line management

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- **Wage and hour: Most challenged segment within financial lines**
  Rates continue to increase due to regulatory changes and claim severity. Coverage remains structured with higher retentions and tighter underwriting, with pricing highly sensitive to industry, employee profile and jurisdiction
- **Cyber: Softening has slowed, market approaching equilibrium**
  Rate reductions are moderating, with most renewals now flat to slightly down. Capacity remains strong, with Bermuda continuing to support excess layers and structured solutions, including ongoing development of proprietary products
- **Professional liability/E&O: upward pressure driven by loss experience**
  Recent claims activity and tighter deployment are driving increases, particularly for more complex or loss-impacted risks. Demand for higher limits remains, though capacity is being more carefully allocated across towers



Contact

Chris Rafferty
Head of Property, Bermuda
chris.rafferty@wtwco.com

Chris Heinicke
Head of Casualty, Bermuda
chris.heinicke@wtwco.com

Tommy Edwards
Head of FINEX, Bermuda
tommy.edwards@wtwco.com

Kirsten Beasley
Head of Office, Bermuda
kirsten.beasley@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Professional liability lines



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Click each square to go directly to that **professional liability line.**



Cyber Risk



Directors and Officers Liability



Employment Practices Liability



Fidelity/Crime



Fiduciary Liability



Financial Institutions – FINEX



Professional Services

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Cyber Risk

Rate predictions

Rate predictions

–5% to +5%

Key takeaways

While competitive conditions have prevailed in the cyber market since 2022, this trend is decelerating as several prominent insurers are focusing on book stability. The trajectory of the market will largely be shaped by ongoing loss trends, especially those characterized by severe ransomware incidents and systemic events occurring in early 2026. These developments, along with the results of cyber reinsurance renewals, will play a pivotal role in determining whether the market undergoes a shift toward firmer conditions later this year.

Insurer competition is offsetting escalating cyber losses

Cyber losses continue to escalate, bad actors continue to deploy new tactics, and the risks have never been so unpredictable. At the same time, an abundance of insurer competition is pursuing cyber premiums, as underwriters are eager to capitalize on the biggest growth opportunity in the wider insurance industry. The cyber market is expected to grow to $16 billion in 2025, according to MunichRe's 2025 Risks and Trends report. Beazley predicts that the market will grow to at least $40 billion by 2030. Several notable insurers have raised concerns that heightened underwriting discipline is needed to ensure continued profitability of cyber insurance, so that the marketplace can be positioned effectively to meet this increased demand.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Cyber risk driving losses

1. Ransomware remains a dominant cause of cyber losses

- In 2025, ransomware was the most significant cyber risk. Attack frequency increased by 45% year-over-year, according to the 2026 Cannata Report, while Bright Defense found that the average ransom payments declined by 50%, reflecting improved organizational resilience and a growing reluctance to pay
- The ransomware risk profile evolved materially, including a notable rise in insider enabled attacks, where threat actors incentivized employees to facilitate system access
- While improved controls have reduced business interruption duration, the sheer severity of large-scale events — often exceeding $1 billion — will increasingly challenge traditional limit assumptions

2. Vendor incidents are driving systemic losses

- After vendor incidents impacting Change Healthcare and CrowdStrike, 2025 saw a drastic increase in cloud outages, with notable outages impacting AWS, Microsoft Azure, Google Cloud and Cloudflare
- November 2025's Radware report estimates the cost of Cloudflare's outage alone to have cost anywhere from $5 billion to $15 billion, and the increased frequency and severity of these losses has exhibited just how dependent organizations are on technology vendors
- Vendor risks and increased reliance on a core group of technology providers will continue to stress test cyber insurance policies
- Fortunately, most outages in 2025 were rectified quickly in less than a day. An incident that lasts several days or weeks could result in losses with exponentially higher billion-dollar impacts
- In the short term, we don't expect any material impact to cyber insurer appetite for system failure coverage given the current state of competition pursuing cyber premiums



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

3. Privacy risk extends beyond data breaches and cyber attacks

- Privacy risk has focused on liabilities resulting from unauthorized disclosure of sensitive personal data, either from negligent protection of data or a malicious cyber-attack. Often overlooked are losses arising from wrongful data collection and regulatory non-compliance that do not involve any sort of cyber event
- The findings of a 2022 investigation by The Markup, a non-profit publication, showed a substantial portion of hospitals utilized pixel tracking technologies without explicit consent, which fueled class action lawsuits, congressional inquiries and updated guidance from regulatory entities surrounding pixel compliance
- In 2025, notable pixel tracking settlements in the healthcare sector totaled over $100 million, according to Feroot, with plaintiffs successfully bringing claims under a mix of U.S. federal and state statutes, often repurposing older privacy, wiretap and anti-hacking laws
- Underwriting privacy and wrongful collection risk will be increasingly challenging for cyber insurers given that companies are unlikely to stop using pixel tracking technologies and will continue to aggregate data
- Some markets have started to curtail previous coverage expansions for wrongful collection, but the current marketplace should allow buyers with favorable loss history and privacy controls to find wrongful collection coverage with persistence

4. Artificial intelligence is amplifying cyber risk

- The introduction of AI into the threat environment amplifies cyber risk because it allows bad actors to automate processes that were previously manual.
- AI delivers greater speed and efficiency to a bad actor's ability to identify vulnerabilities and deploy cyber attacks.
- Since AI exclusions have not yet been deployed regularly on cyber policies, cyber insurance should be well-positioned to respond to this amplification of exposure
- Several novel AI specific insurance solutions have entered the marketplace, but available capacity and buying appetite have so far been limited. This could change with a sizable first time AI loss, which will be an inevitable watershed moment
- In the meantime, it will be imperative for buyers to proactively pursue as broad coverage as possible under cyber policies covering the full range of possible AI losses

Specific industry trends

Aviation: This continues to be a challenging industry class for cyber markets. After recent extended outages caused by cascading technology failures, including CrowdStrike, Microsoft and AWS, cyber markets are reevaluating their appetite to offer certain business interruption coverages like system failure and contingent business interruption.

Healthcare: In recent years, healthcare has experienced significant impacts from both systemic outages (Change Healthcare and CrowdStrike) and litigation related to web-tracking usage. These substantial losses have resulted in increased underwriting scrutiny and less favorable rates.

Retail: Fortinet recently reported that 24% of cyber attacks were perpetrated against retailers, making this one of the most targeted industry sectors. There are a number of factors that make retail attractive, including large amounts of customer PII and similar security infrastructures used across the industry. A successful attack on one retailer may work on a counterpart due to these similarities.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Construction: The construction industry is undergoing digital transformation, with smart equipment, AI-driven project management and cloud-based tools becoming integral to daily operations. While these advancements offer efficiency and innovation, they also introduce significant cyber vulnerabilities. More cyber insurers are creating construction-specific endorsements to address these unique exposures.

Manufacturing: More companies are grappling with how to protect their operational technology (OT) systems, which generally lack embedded security. Vulnerabilities can lead to large-scale business interruption losses and potential lateral movement into information technology (IT) systems. Carriers are regularly collecting OT-specific underwriting information, including whether OT and IT networks are properly segmented to prevent lateral movement.

Tech, telecom, media: In 2024 and 2025, technology companies experienced cyber attacks or outages that cascaded down to their customers (see section 'Vendor incidents are driving systemic losses' above), demonstrating the vulnerabilities created when technologies are interconnected. As companies race to incorporate AI capabilities into their technology solutions, embedded security and supply chain management will be essential to avoid systemic failures.

Higher education: Underwriter scrutiny around end-of-life (EOL) systems has ramped up based on the custom software used by many educational institutions. Carriers want to see protections in place or the replacement of these systems with something more secure.

Coverage terms and WTW innovation

WTW continues to invest in proprietary and exclusive capacity solutions designed to enhance efficiency, stability and client outcomes across market cycles. For example, CyXS provides Willis' clients with access to up to $150 million of Lloyd's capacity, which can be deployed anywhere above the primary layer. The lead insurers make underwriting and claims decisions for the panel, while participating insurers blind-follow for a streamlined block of capacity. This structure is designed to ensure expedited claims recovery, which is meaningful especially for significant limits. CyXS capacity also includes a reinstatement option (i.e., CyXS Restore), which provides insureds with the opportunity to reinstate policy limits for any future unrelated losses during the policy year.

More broadly, in September 2025, WTW launched the Gemini facility, a global, multi-line auto-follow facility designed to locally deliver A+ rated capacity to WTW clients across their insurance portfolios. Gemini helps clients navigate market volatility with confidence while maximizing the efficiency of their capital spend. The introduction of substantial, sustainable and readily available capacity through all market cycles is available for any risk, regardless of complexity across shared and layered or quota share placements.

Contact

Michael Machin
Head of FINEX North America
michael.machin@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Directors and Officers Liability

Rate predictions

Public company: Primary ABC

–3% to +3%

Public company: Side A DIC

flat

Public company: Excess ABC

flat to +3%

Public company: Primary/excess ABC, Side A DIC

–5% to +5%

Key takeaways

Rate conditions continue to stabilize, with insureds largely experiencing flat results or limited single-digit upward or downward changes, through 2026. Looking ahead, we anticipate markets to signal greater pressures toward rate correction, particularly on excess layers where pricing may be falling below an insurer's perceived minimum rate per million of coverage.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Underwriting

Public company

Rate environment: Reductions may still be available on a case-by-case basis, but the likely renewal outcome is flat or low single-digit increases for most stable risk profiles.

Effect of market consolidation: Rates remain stable as a result of continued, abundant capacity. Nevertheless, we are monitoring fluctuation, if any, due to market consolidations over the next 12 to 18 months.

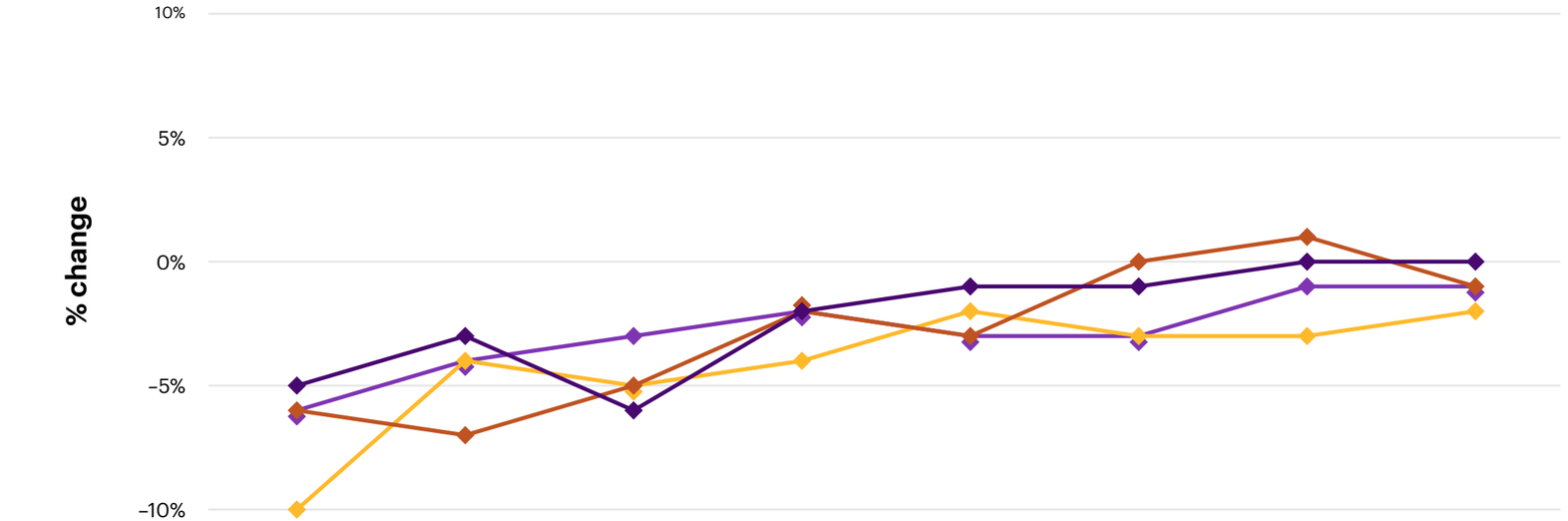
Focus on coverage/driving value in a stable environment: Where pricing flexibility is limited, companies should engage insurers to differentiate through added value, including enhanced coverage terms such as entity investigation cost coverage and higher sublimits, where feasible.

Private company

Primary: Insureds with stable risk profiles continue to see enhanced competition, with a floor of flat renewals and decreases when marketed.

Excess: We are starting to see a flattening in increased limits factors (ILFs).

Rate change: Previous 8 quarters



	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25
Primary	-5	-3	-6	-2	-1	-1	0	0
All ABC Layers	-6	-7	-5	-2	-3	-0	1	-1
Lead Side A	-10	-4	-5	-4	-2	-3	-3	-2
Total	-6	-4	-3	-2	-3	-3	-1	-1

Public company rate change, source: Willis proprietary data

Retentions: For challenged risks, carriers are pressing for higher retentions. Severity of increases often depends on prior increases and the need, if any, for continued correction.

Increased deployment: Carriers are willing to regularly deploy capacity for preferred risks. Additional capacity can also be found for more challenging risks. This is having an impact on market conditions more broadly, as the abundance of capacity continues to drive rate competition.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Challenged risk profiles

- Non-U.S. parent with U.S. exposures
- Liquidity challenged and pre-restructuring/ bankruptcy risks
- Challenged industries, e.g., AI-exposed organizations; oil and gas, healthcare, life sciences, higher education, cryptocurrency, cannabis
- IPOs, de-SPAC business combinations

Despite challenges and anticipated potential for increases, capacity remains available.

Risk profile focus

- Adaptability to macroeconomic and political conditions, including tariffs and trade practices, regulatory uncertainty, economic policy shifts and pressures surrounding ESG (including climate and DEI practices)
- AI integration and adaptedness
- Cyber/privacy: Adequacy of disclosures, oversight
- Financial strength
- Industry
- Claim history
- Loss-cost escalation
- Systemic exposures
- Exposures to government funding

Industry	Primary (Public)	Excess (Public)	Side A DIC (Public)	Primary (Private, NFP)	Excess, Side A (Private, NFP)
Cross-industry rate prediction	–3% to +3%	Flat to +3%	Flat	–5% to +5%	–5% to +5%
Healthcare	Same	Same	Same	+5% to +10%	Flat to +5%
Higher education	+9% to +15%	+9% to +15%	Flat to +5%	+5% to +10%	Excess: +5% to +10%; Side A: Flat to +5%

Industry-specific D&O rate predictions and notes

We surveyed our industry leaders to assess whether the broader rate predictions identified at the beginning of this report align with their expectations for pricing in their respective sectors. In most cases, respondents indicated that our findings are consistent with their outlook. Where differences emerged, they are noted in the chart below. For those industries and select others, we provide additional commentary in industry notes.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Industry notes

Healthcare: As to private/NFP (primary), potential heightened premium depending on claims activity or M&A. There is also some pressure on antitrust retention and coinsurance.

Higher education: The market remains firm due to severity of antitrust class/mass actions, freedom of speech issues (re employed lawyers), new administration executive orders and lack of primary capacity in the insurance market. Note: all excess rate predictions above dependent on how the primary is quoted.

Food and beverage: Underwriters are tightening scrutiny of artificial colors, PFAS, food safety and ultra-processed foods amid rising regulation and litigation. Increasing labeling and marketing lawsuits, especially around sustainability and ingredient claims, are also elevating D&O oversight risk.

Life sciences: Renewal factors include premium movement in prior renewals, liquidity, IPO window status and is the company in early or late phases. Side A is attractive and pricing can be competitive.

Natural resources: Focus has shifted from ESG and supply chain concerns to heightened geopolitical risk, particularly for energy operations in volatile regions, alongside closer scrutiny of asset and employee protection and higher minimum premium requirements in middle and excess D&O layers.

Retail and distribution: Monitoring for potential increase in bankruptcies within this sector as we move throughout the year.

Technology, media and telecom (TMT): We are seeing an increase in use of AI by companies and an increase in underwriting questions as a result. No coverage ramifications yet; however, we are closely monitoring.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Developments and market-driving issues to watch

D&O claim trends

- Securities class action (SCA) filings declined in 2025 to 207 from 226 in 2024 (Cornerstone Research, Securities Class Action Filings: 2025 Year in Review). The average SCA settlement in 2025 was $40.6 million, down modestly from 2024 ($43.6 million) and more sharply below the inflation-adjusted 2016 – 2024 average ($50.7 million). In contrast, the median settlement rose to $17.3 million, exceeding both the 2024 ($14.4 million) and the 2016 – 2024 average ($12.1 million) (Cornerstone Research, 2025 Review & Analysis: Securities Class Action Settlements)
- The Securities and Exchange Commission (SEC) initiated 56 enforcement actions against public companies and subsidiaries in FY 2025. Of these, only four were initiated under the new SEC administration, the lowest level since at least FY 2013. Total monetary settlements in FY 2025 were $808 million, a substantial decline from prior years and less than half of the average annual total during FY 2016 – FY 2024 (Cornerstone Research, Fiscal Year 2025 Update | SEC Enforcement Activity: Public Companies and Subsidiaries)
- We caution that settlement and recovery sums in any given year may not be reflective of current D&O conditions. In fact, they are lagging indicators, often revealing facts specific to cases filed in previous years and without reference to the amount of D&O insurance used to resolve the matters. This last point is especially true with enforcement actions, where D&O coverage for corporate entities, and for fines and penalties on a broader basis, may be more limited

Artificial intelligence (AI) as a D&O risk

- The adequacy and accuracy of investor disclosures relating to the use and scope of AI are areas of potential risk, which have led to securities class actions. To the extent that AI is relied on to provide support to corporate decision makers, questions of the sufficiency of oversight and due diligence can lead to derivative exposure
- AI-focused legislation is increasingly creating compliance and governance concerns for companies. The European Union's AI Act and similar state-level legislation in the U.S. impose standards regarding bias, data transparency and ethical use. Companies that fail to comply could face regulatory scrutiny and potential litigation
- While the SEC began focusing on AI related disclosures and "AI washing" under the Biden administration, the Trump administration has affirmed and narrowed that approach, continuing enforcement specifically against fraudulent or misleading AI claims rather than broad AI governance. In 2025, the SEC created a Cyber and Emerging Technologies Unit and has brought enforcement actions targeting deceptive AI representations to investors, signaling continuity on fraud based oversight rather than expansion into prescriptive AI regulation
- Beyond SEC activity, shareholders filed 52 AI-related SCAs, (source: Cornerstone Research, 2025 Year in Review: Securities Class Action Filings), asserting allegations primarily limited to misrepresentations about the role of AI in business operations. Our own review of AI-related SCA filings has revealed that AI-related SCAs are following familiar dismissal and settlement patterns, with no major shifts in outcomes relative to other SCAs so far

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Macro-economic conditions

- Despite strong equity performance and easing interest rates in 2025, economic growth slowed, job creation weakened and inflation persisted. Equity markets also softened in early 2026, with major indices ending the first quarter below year-end 2025 levels
- Looking ahead, shifts in domestic policy, tariff uncertainty, government funding risks, increased discussion of recession risks and global tensions may contribute to a more challenging risk environment for companies and heighten scrutiny of disclosures and governance

SEC policy shift on mandatory arbitration

- In September 2025, the SEC issued a policy statement clarifying that it will no longer block IPOs or other public offerings solely because an issuer has adopted mandatory arbitration provisions. The SEC emphasized that the statement neither endorses nor requires such provisions and does not address their ultimate enforceability, which remains subject to state contract law and potential Federal Arbitration Act preemption
- While the policy change may prompt greater consideration of arbitration provisions — particularly among IPO candidates — adopting companies face meaningful legal, governance and insurance considerations, including enforceability risk, investor reaction and uncertainty regarding D&O insurance impact. As a result, we expect adoption in the near term to be gradual and selective rather than immediate or uniform
- Please see our article, Is the SEC inviting companies to mandate arbitration? for a more complete discussion

Bankruptcy and insolvency risk

- Annual Chapter 11 business reorganization filings increased 10.6 percent from pandemic-era lows and remained elevated through 2025. There were 8,937 Chapter 11 cases filed in the 12-month period ending September 30, 2025, modestly below the 9,012 filings in FY 2024, but above FY 2023 (6,473) and FY 2022 (4,762) levels
- We continue to monitor filing frequency, as bankruptcy claims can impact both private and public companies and can be among the most severe. Bankruptcy-focused D&O coverage specialization is essential in times of uncertainty. Companies with any inkling of upcoming issues should reach out sooner than later (but it's never too late) to specialized D&O brokerage distressed risk teams
- See our article, D&O insurance and distressed risk: Is your program bankruptcy ready? for a more detailed discussion

Initial public offerings

- U.S. IPO activity rebounded in 2025, with the SEC reporting 374 initial public offerings, up from 246 in 2024 and representing the strongest annual volume since 2021
- The D&O insurance market for IPOs and de-SPAC transactions remains competitive, but as with the broader marketplace, it is moderating in general. Pricing is often dependent on company-specific risk factors, including financial strength and industry
- Coverage itself continues to broadly encompass offering-related acts, including pre-transaction promotional acts. Additionally, as has been the case in the market for quite some time, issuers may be able to extend the coverage to third parties, including underwriters, advisors, shareholders and others to whom the issuer may owe indemnity. Such coverage extensions can have downsides; however, and the adequacy of the wording is crucial. As always, issuers should work with their brokers and their IPO and SPAC risk specialists to achieve the most desirable coverage for their particular risks

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Changes in state corporate laws to attract re-incorporation outside Delaware

- Nevada and Texas have adopted corporate law reforms, including specialized business courts and limits on stockholder litigation, attempting to position themselves as more issuer-friendly alternatives to Delaware
- In March 2025, Delaware enacted Senate Bill 21, adjusting stockholder rights related to controlling stockholder transactions and books and records access to reinforce its position as the leading incorporation jurisdiction
- Despite attention being drawn to the potential migration of corporations away from Delaware — the so-called "DExit" phenomenon — the state actually experienced an increase in corporate incorporations in 2025, both in absolute terms and relative to other states

The challenges of managing environmental, social and governance (ESG) risk

- ESG considerations remain part of D&O risk discussions, but regulatory momentum has slowed meaningfully amid political and legal pushback. The SEC's climate disclosure rule remains in limbo following judicial review and the agency's withdrawal of its defense, while the current administration has rolled back or curtailed certain federal climate, ESG and DEI initiatives
- California remains a notable outlier. California's climate disclosure regime continues to advance despite broader U.S. retrenchment. Although legal challenges to Senate Bill 219 are ongoing, the law has not been stayed, and required emissions and climate risk disclosures remain scheduled to begin in 2026
- DEI continues to present legal and governance uncertainty, with companies reassessing programs amid intensified scrutiny. State-level restrictions, federal executive orders and recent court decisions, including the invalidation of Nasdaq's board diversity rules, have reinforced a more cautious and uneven DEI landscape

Coverage terms and WTW innovation

Competitive market conditions and strong carrier relationships provide an opportunity to explore expanded coverage. For D&O, Willis continues to leverage bespoke product solutions like A-Star, our proprietary Side A wording, to ensure best-in-class coverage for our clients. A-Star is a purpose-built Side A DIC product developed by WTW and supported by a panel of leading insurers.

More broadly, WTW continues to invest in proprietary and exclusive capacity solutions designed to enhance efficiency, stability and client outcomes across market cycles. In September 2025, WTW launched the Gemini facility, a global, multi-line auto-follow facility designed to locally deliver A+ rated capacity to WTW clients across their insurance portfolios. Gemini helps clients navigate market volatility with confidence while maximizing the efficiency of their capital spend. The introduction of substantial, sustainable and readily available capacity through all market cycles is available for any risk, regardless of complexity across shared and layered or quota share placements.

Contact

John M. Orr
D&O Liability Product Leader, FINEX NA
john.orr@wtwco.com

Lawrence Fine
Management Liability Coverage Leader, FINEX NA
larry.fine@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Employment Practices Liability/Wage and Hour

Rate predictions

EPL (Domestic and Bermuda markets)
flat to +5%

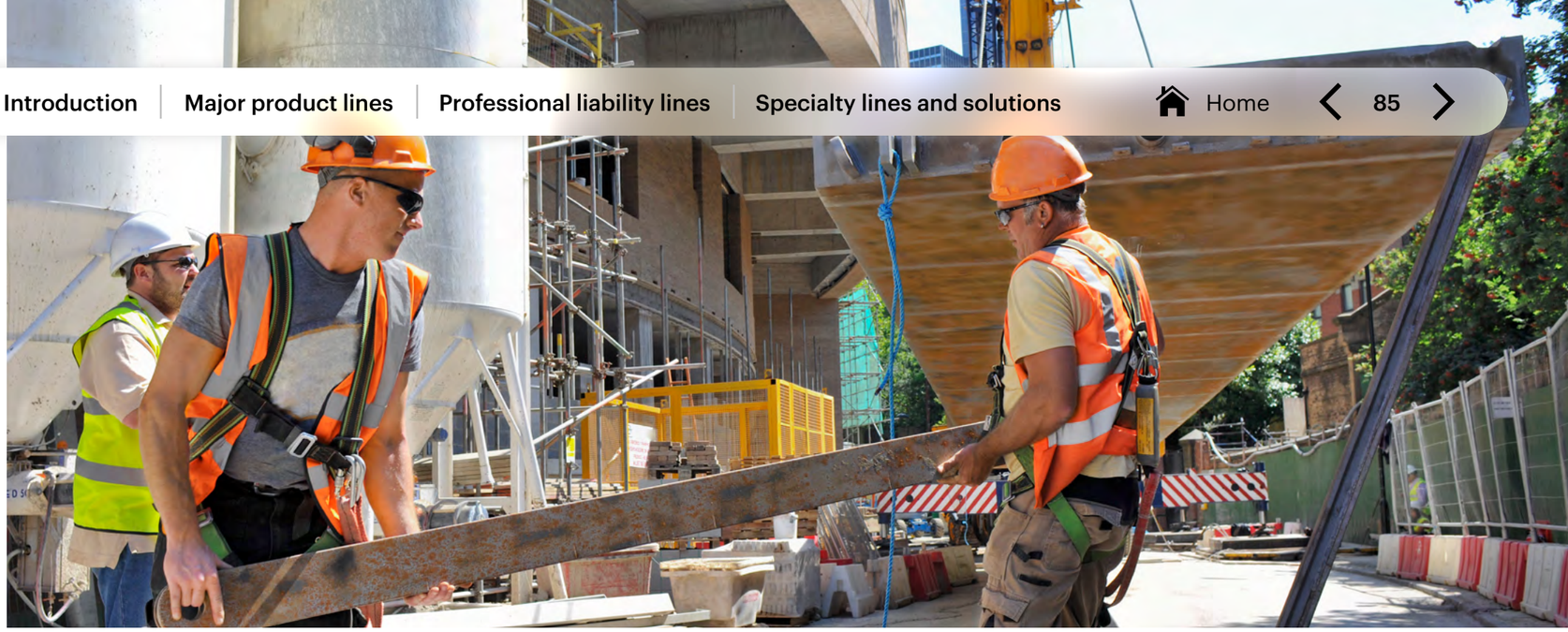
Wage and hour (Bermuda markets)
+5% to +15%

Key takeaways

EPL market stabilization continues, even in an ever-expanding litigation landscape under the current administration. However, signs of market firming are present due to rising frequency of claims.

The wage and hour market continues to evolve even as claim frequency and severity increase. As the market evolves, more opportunities arise for smaller headcount employers with carriers still willing to deploy significant limits.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Competition is keeping the EPL market stable

Rates: Given the competition and capacity in the EPL market, we do expect to see mostly flat renewals with modest increases. However, we are starting to see modest rate increases in high-risk jurisdictions and industries. Outside of those high-risk jurisdictions and industries and assuming no change in risk profile and no losses, rate increases are more likely to be close to or at flat. Looking further ahead, as claim frequency and severity continue to increase, the EPL market will likely start to see more increases over the next 12 – 18 months.

Retentions: Markets continue to seek separate retentions for class actions, especially in California and high-wage earners in certain industries (e.g., healthcare and tech). Some domestic markets have also sought separate retentions for high-risk states (e.g., California, Illinois, New York and New Jersey) and sometimes even county-specific retentions.

Limits: Both Bermuda and domestic markets are managing their capacity on any given risk. Domestically, markets are providing between $5 million and $10 million. In Bermuda, markets are providing $15 million ($10 million in some instances).

Excess: EPL markets are generally following primary increases in addition to looking to adjust increased limit factors (ILFs) for certain risks.

Capacity: Overall capacity in the EPL market is stable and competitive, except for troublesome industries.

Underwriting focus areas: Primary focus continues to be headcount, industry and location. Underwriters are also focusing on AI usage in the workplace, company approaches to DEI, managing EPL exposure in a new political environment and new EEOC enforcement priorities (i.e., national origin and religious discrimination) and compliance with state pay transparency laws. Many markets have separate questionnaires for biometrics, sexual harassment and pay equity and some markets have started to utilize separate questionnaires for compliance with state pay transparency laws.

Coverage: Some markets have started to add wage transparency exclusions or sublimits. In addition, markets continue to add privacy/biometrics exclusions, and in some cases, broaden existing exclusions. Small sublimits for defense cost coverage are available from certain insurers upon satisfactory completion of the previously mentioned biometric questionnaires.

Industry notes: Industry rates remain in line with overall guidance. The healthcare and tech industries are most likely to see separate retentions for high-wage earners.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

EPL and wage and hour risk trends

1. Interplay of EEOC enforcement and state regulatory landscape

- The EEOC headed into this year with a quorum, so it is expected that there will be increased enforcement activity
- Chair of the EEOC, Andrea Lucas, has stated their priorities will focus on, among others, DEI-motivated race and sex discrimination, anti-American national origin discrimination and protecting workers from religious bias and harassment
- These priorities highlight a shift in traditional EEOC enforcement and prior administrations, so there will be some notable changes as well as some areas that may conflict with state laws and regulations
- The EEOC issued several pieces of guidance related to their stated priorities. One focuses on anti-American discrimination and identifies unlawful practices related to the same. Another focuses on protecting religious freedom at work. Chair Lucas has stated that the EEOC will continue to enforce religious accommodation in the workplace ensuring workers do not have to choose between their faith and their job
- The EEOC also rescinded its Enforcement Guidance on Harassment in the Workplace. Practically speaking, this does not impact the law and the EEOC still intends to pursue harassment claims. However, the EEOC will not pursue harassment claims based on transgender status. Not all states agree with the EEOC, so there will be state laws that prohibit harassment based on sexual orientation and gender identity, which will create a patchwork of state laws and conflicts with federal priorities
- The EEOC is expected to make changes to the Pregnant Workers Fairness Act. This will likely lead states to pass their own laws, which will again create a patchwork of laws across the country and make compliance quite challenging for multi-state employers

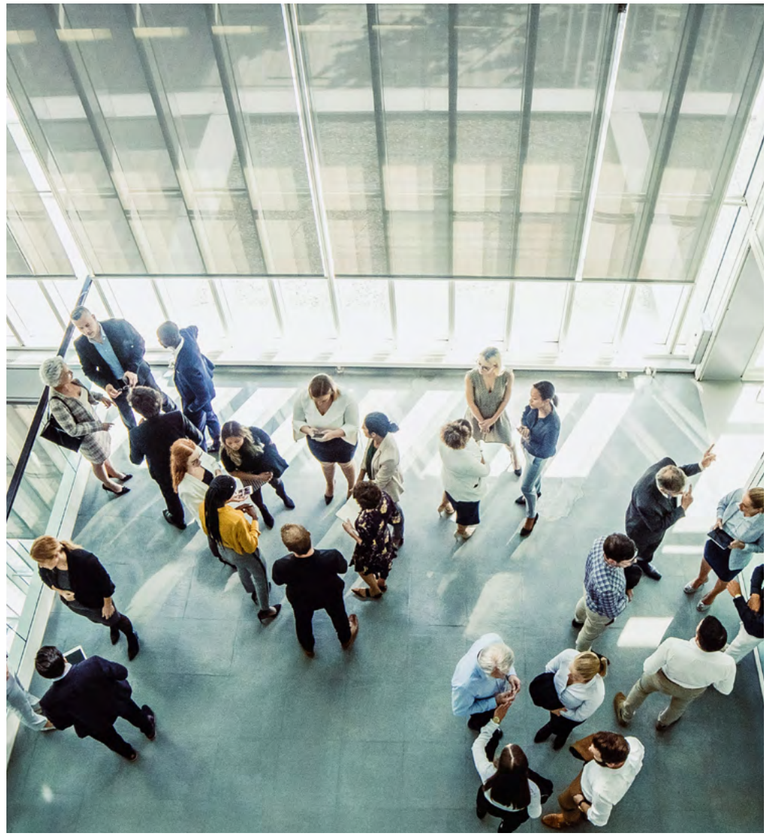
2. Artificial intelligence in employment is an evolving risk

- Executive Order Ensuring a National Policy Framework for Artificial Intelligence is aimed at curtailing the state authority to regulate the use of AI. It establishes a multi-pronged enforcement strategy designed to centralize AI governance and preempt conflicting state laws.
- Many states have passed algorithmic bias regulations, so the fate of those remains in flux. At the state level, several states have enacted AI governance rules for the workplace, such as Illinois, California and Texas
- Meanwhile, AI continues to be used in hiring and other workplace decisions. Although the fate of algorithmic bias regulations remains in flux, the anti-discrimination laws that would be implicated and Title VII remain in full force. Companies should continue to test and audit their AI tools on a regular basis

3. Pay transparency laws an area of underwriting focus

- In an effort to close the wage gap, there is an evolving patchwork of state laws that require disclosure of benefits and/or salary in job postings, with WA State the most problematic from a compliance and litigation perspective.
- Globally, the EU pay transparency directive (Directive (EU) 2023/970) aims to close the gender pay gap with increased transparency and accountability as well. EU member states have until June 7, 2026, to transpose the directive into national law
- Given the varying laws, underwriters are focused on this issue and ensuring organizations have the proper protocols in place to be compliant

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



4. Wage and hour exposure continues to increase

- The risk of wage and hour claims applies to all U.S. employers. As laws change and vary from state to state (and sometimes county to county), compliance has become extremely difficult for multi-state employers
- The Department of Labor's Wage and Hour division recovered over $184 million in back wages in fiscal year 2025, an increase from fiscal year 2024, which was just under $150 million
- At least 19 states have implemented significant minimum wage increases beginning January 1, 2026, with some surpassing $15/hour for the first time
- Six states — California, Colorado, New York, Washington, Alaska and Maine — have increased salary thresholds for exempt employees. These can vary by jurisdiction and sometimes job category. Non-compliance may lead to overtime and misclassification claims
- The wage and hour market in Bermuda has 11 markets with appetite, six of those on a primary basis. The market has over $100 million in available limits

Contact

Talene M. Carter
Employment Practices Liability/Wage & Hour Product Leader, FINEX NA
talene.carter@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Fidelity/ Crime

Rate predictions

Financial institution bond

–2% to +2%

Commercial crime

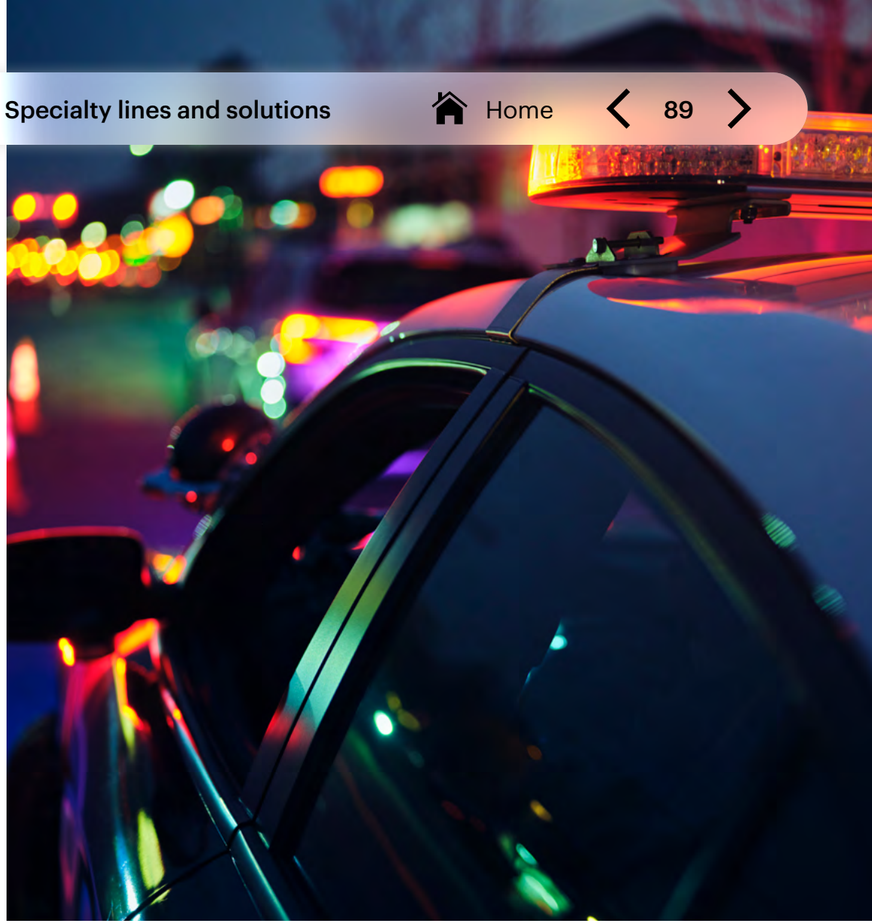
–2% to +2%

Global adoption surges, pushing digital assets further into the mainstream

Companies are increasingly integrating digital assets into their core business models. According to a Coinbase study from mid-2025, 60% of Fortune 500 companies are actively working on blockchain, digital asset or tokenization initiatives.

- Digital assets are reshaping the movement of money, the construction of investment portfolios and the functioning of modern financial infrastructure
- Institutional participation continues to rise, stablecoins are moving toward clearer regulatory frameworks and crypto's inherent volatility means that even minor exposures can significantly impact overall portfolio risk
- As blockchain-powered networks begin to replace traditional payment and record keeping systems, both businesses and investors need well informed strategies to navigate the shift

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Global regulatory frameworks continue to evolve

Spearheaded by the Financial Stability Board (FSB), global regulatory frameworks for digital assets are rapidly shifting toward harmonized principles, focused on consumer protection, financial stability and anti-money laundering.

- In the U.S., the GENIUS Act has established a strong foundation for the regulation and classification of stablecoins, providing clarity on their treatment by both the SEC and CFTC — confirming that they are neither securities nor commodities
- Although the STABLE Act is currently stalled, it has meaningful potential for near-term advancement and would permit approved non-bank entities to participate within the regulatory framework
- Additionally, the CLARITY Act represents a significant legislative proposal that, if enacted, would materially impact digital asset businesses, retail investors and financial institutions by establishing a comprehensive regulatory structure for all digital assets. The likelihood of its passage in 2026 is considered strong

Where does the market stand on providing affirmative crime coverage

This is an emerging industry. Most U.S. crime policies contain digital asset exclusions; therefore, affirmative coverage must be negotiated. London and Bermuda lead the crime marketplace for both cold and warm/hot storage coverage.

- While cold storage only is a preferred model for the marketplace in general, obtaining warm/hot storage coverage is achievable, though with a lower total capacity
- Warm/hot wallet operations will require deeper underwriting and more scrutiny
- Crime insurance is intended to cover your traditional internal and external fraud loss scenarios, such as the misappropriation, theft or hack of digital assets.
- Affirmative digital asset language is routinely added to programs now. Approximately $125 million in capacity is available out of the London market today with over a dozen markets comfortable with the risk
- It's important to evaluate your full suite of financial and professional coverage lines to ensure coverage for digital asset exposures is included

Contact

Colleen Nitowski
Senior Director, National Fidelity Product Leader
colleen.nitowski@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Fiduciary Liability

Rate predictions

Retirement plan assets <$50 million

–5% to +5%

Financial institutions

–5% to +5%

Retirement plan assets >$50 million

Flat to +5%

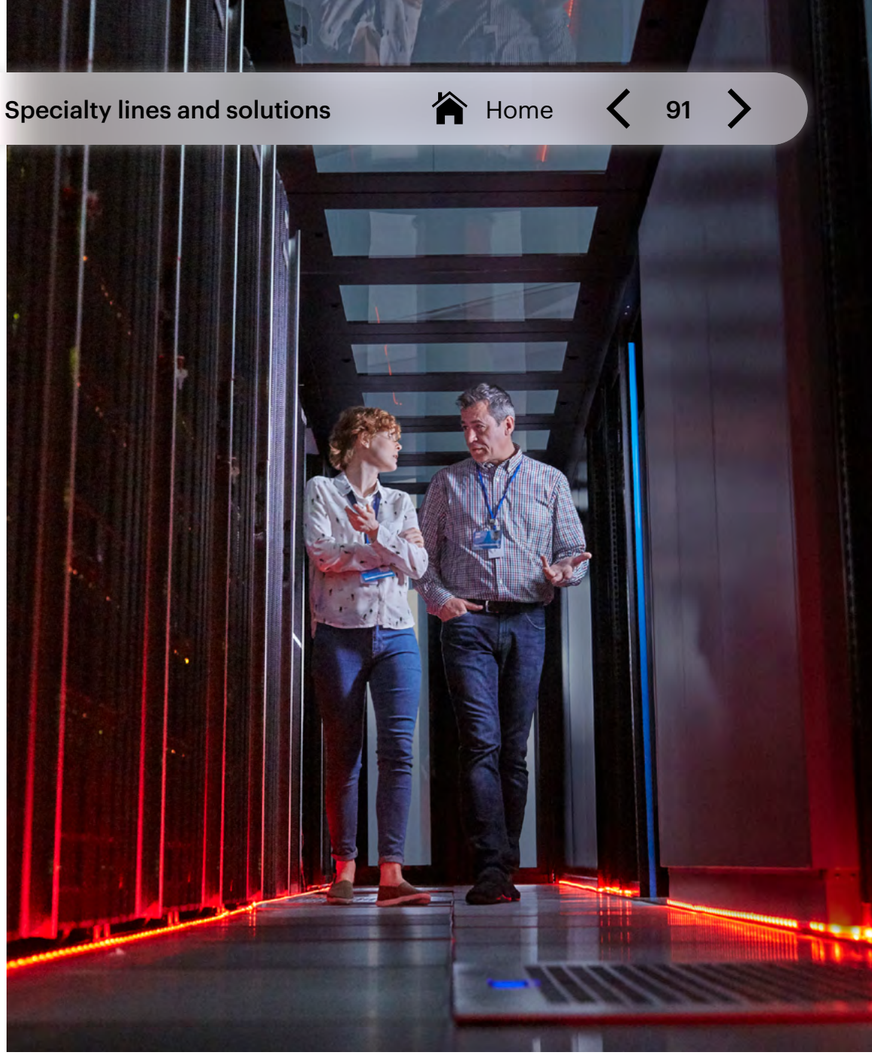
Key takeaways

Premiums have stabilized, with flat renewals most common and occasional reductions in retentions. Although excessive-fee claims declined, other class action activity increased, yet insurers absorbed these mixed trends in 2025, making significant premium increases in 2026 unlikely.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Underwriting

- **Market stability was maintained in 2025 and is expected to continue through 2026**
  - The number of carriers with appetite for fiduciary liability remained steady in 2025
  - In some cases, D&O insurers are now looking to get on the fiduciary towers as well (historically, fiduciary insurers have been actively seeking to get on D&O towers)
  - For commercial and large nonprofit risks, underwriters apply heightened scrutiny to defined contribution plans over $250 million, with some avoiding plans above $1 billion. While even smaller plans can raise concerns, most carriers are easing retentions for these risks
  - Insurers routinely request detailed information on fees, performance, share classes, vendor selection and governance. Preferred features include regular benchmarking, limited revenue sharing, minimal retail share classes, fewer actively managed funds and limited M&A activity
  - Excessive cost class actions have renewed scrutiny of health and welfare plans. While concern had eased after dismissals and fewer filings, a recent motion to dismiss denial may revive attention
  - Other areas of recent increased carrier inquiry include outdated mortality tables, plan forfeiture policies, tobacco surcharges and pension risk transfers
  - Brokers are having some success in getting credit for positive risk factors, including level of delegation, quality of advisors and favorable venues
  - Some carriers have created specific coverage (often by endorsement) for pooled employer plans, while others have not yet done so
- **Retentions:** Insurers remain more focused on retentions than premiums. Seven figure retentions are still common for certain exposures and, at higher asset levels, may apply to all class actions, though some improvement has emerged and a few carriers now offer limited retention buy downs
- **Coverage breadth:** Aside from higher retentions, carriers generally have not restricted coverage. Several are increasingly willing to offer coverage enhancing endorsements, though terms vary significantly by carrier
- **Capacity management:** Most carriers are closely monitoring the capacity they are putting out, and $5 million primary limits continue to be more common than $10 million



- **Rate prediction qualification:** Pricing continues to depend largely on existing rates. Flat renewals remain common, with price per million varying widely by risk classification

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Challenged classes

- **Financial institutions:** Plans using proprietary funds face additional scrutiny, typically addressed through higher retentions. Overall, however, premiums for financial institutions have stabilized, with some decreases
- **Healthcare entities:** In 2025, healthcare entities were not targeted disproportionately by class action plaintiffs, as they had been for prior years, leading to mostly flat renewals
- **Risks to watch:** Excessive fee class actions, imprudent fund selection class actions (particularly relating to target date funds), claims challenging use of funds from plan forfeitures, tobacco surcharge, class actions challenging ESG investments (or the lack of them), DOL investigations and cyber audits, actuarial equivalence (outdate mortality table) cases, potential claims arising from benefit cutbacks, claims alleging imprudent DB plan buyouts (pension risk transfers)

Developments and market-driving issues

The Supreme Court states low standards for pleading prohibited transactions: The Cornell University decision

- **Unanimous ruling:** The U.S. Supreme Court unanimously reversed the Second Circuit's dismissal of a prohibited transaction claim against Cornell University, holding that because ERISA § 408 exemptions are affirmative defenses to § 406 claims, plaintiffs are not required to plead the absence of exemptions in their complaints.
  - Core holding: The Court concluded that defendants — not plaintiffs — bear the burden of raising and proving statutory exemptions, significantly lowering the pleading bar for prohibited transaction allegations
  - Practical concerns acknowledged: The Court recognized the risk that routine fiduciary conduct (such as hiring service providers) could now more easily survive motions to dismiss, potentially encouraging weak or opportunistic claims
  - Suggested procedural safeguards: To address that risk, the Court highlighted procedural tools available to trial courts, including Rule 7 replies, which allow courts to require plaintiffs to plead specific, nonconclusory facts rebutting asserted exemptions before discovery proceeds
  - Post remand developments: Following remand, the trial court allowed additional discovery and permitted plaintiffs to pursue arguments for a jury trial
  - For more discussion of the Supreme Court's decision in Cornell, see this article

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The aftermath of Cornell

- **Litigation trends:** While the decision has not driven a broad increase in fiduciary class action filings, plaintiffs now routinely include prohibited transaction allegations, and defendants are finding it harder to dismiss those claims at the pleading stage
- **Judicial pushback:** At least one federal court so far has taken the Supreme Court's exhortation to district courts to "dismiss suits that allege a prohibited transaction occurred but fail to identify any injury"
- **Early case management tools:** At least one federal court has ordered Rule 7 briefing before allowing discovery in a prohibited transaction case. In another matter, a defendant plan sponsor has sought partial recovery of fees from plaintiff counsel after prevailing at summary judgment
- **Congressional response:** In December 2025, a House subcommittee held hearings on the ERISA Litigation Reform Act (H.R. 6084). The bill would require plaintiffs to plausibly allege and prove that a challenged transaction is not exempt under § 408(b)(2) and would impose a default discovery stay pending motions to dismiss

Fourth Circuit questions whether class actions relating to DC plans should be certified

On appeal, the Fourth Circuit reversed a grant of class certification, holding that ERISA claims involving defined contribution plans seek individualized monetary relief and therefore cannot proceed as a mandatory class. The court also warned that forcing participants into such a class could raise due process concerns. It did not address whether an opt out class might be permissible because the issue hadn't been raised. Plaintiffs have requested rehearing en banc, making this a closely watched case with potential implications for DC plan class actions.

Defined contribution retirement plans

Excessive fee litigation update

- In the first 10 months of 2025, 51 excessive fee class actions were filed, up modestly from 2024 (47) and 2023 (43), but well below 2022 levels, when filings reached as high as 89
- The most common 2025 allegation focused on stable value funds with allegedly lower returns, appearing in 27 cases (up from five in 2024). By contrast, recordkeeping fee claims declined, target date fund allegations dropped sharply and share-class claims were rare
- In 2025, splits of authority persisted. The Second Circuit and the Eighth Circuit have required "meaningful benchmarks," while the Sixth Circuit held otherwise in Parker Hannifin, prompting the Solicitor General to support Supreme Court review. The issue of whether "meaningful benchmarks" must be stated at the pleading stage may be resolved by the forthcoming Supreme Court review of the 9th Circuits affirmed dismissal of the class action against Intel
- The DOL also reaffirmed that plaintiffs bear the burden of proving loss causation, welcoming withdrawal of an appeal challenging that rule
- Settlement values continue to trend downward, with the 2025 median settlement falling from $3 million to $1.6 million

Forfeiture litigation

- Rapid growth: Forfeiture litigation is now the fastest growing category of fiduciary class actions, with 43 filings in the first 10 months of 2025, up from 30 in 2024 and 5 in 2023
- Core theory and defenses: Plaintiffs challenge long established forfeiture practices previously accepted by the IRS and DOL. Defendants argue these are funding or "settlor" decisions outside of fiduciary duties

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- Mixed outcomes: Most cases based on standard plan language have been dismissed (often with leave to replead), though several motions to dismiss have been denied. Settlements have generally been low-seven figures, with a few notable larger resolutions
- Regulatory support for defendants: The DOL has filed four amici briefs supporting defendants, stating that the typical use of forfeited contributions to defray future contributions does not violate ERISA
- Appeals posture: Appeals are pending in several circuits. To date, dismissals have occurred in every circuit except the Seventh

Defined benefit pension plans

Mixed results in actuarial equivalence class actions

- Actuarial equivalence claims: Class actions alleging use of outdated mortality tables first emerged in 2018 but were not filed in 2025. Plaintiffs claim obsolete tables caused underpayment of lump sum benefits
- Scope and theory: More than 30 such cases have been filed. The central legal issue is whether ERISA implies a requirement that mortality tables be "reasonable," despite no express statutory mandate. A subset focuses on alleged "marriage penalties," including a $14.75 million class settlement in 2025
- Outcomes to date: Although more cases have survived dismissal than have been thrown out, and some have settled for significant amounts, there have never been any findings of liability
- Class certification hurdles: At least two courts (the Thorne and Torres cases) have denied class certification due to irreconcilable conflicts within proposed classes

As pension risk transfers increase, so does litigation arising from them

- PRT litigation activity: Despite strong defined benefit funding and increased pension risk transfer activity, plaintiffs have filed class actions against nine plan sponsors that completed buyouts
- Standing defenses: Defendants have strong arguments against standing, as claims rest on speculative concerns that benefits might not be paid if an insurer were to become insolvent
- Insurer focus: The early cases all involved the same insurer, described in complaints as private-equity controlled with a limited track record
- Regulatory backdrop: The suits followed a DOL report signaling potential updates to fiduciary standards for selecting annuity providers in pension risk transfers
- Mixed judicial results: Two federal courts reached opposite conclusions on standing in nearly identical cases. One case narrowly survived dismissal based on allegations of increased insolvency risk
- Amicus activity: Multiple industry groups and the DOL have submitted amicus briefs to the Fourth Circuit seeking reversal of the one surviving case, arguing the alleged risks are too speculative to support standing

Health and welfare plans

Health and welfare excessive fee class actions

- Case activity: Four class actions have alleged excessive prescription drug costs under health and welfare plans. Three were dismissed for lack of standing, with one dismissal upheld on appeal. One case survived a motion to dismiss in 2026
- Surviving case limits: The court rejected premium-overcharge allegations as speculative but found prescription drug overpayment allegations sufficient for standing. It noted; however, that the claims appeared weak on the merits, dismissed fiduciary breach claims as non-fiduciary "settlor" acts and allowed prohibited transaction claims to proceed under the lowered pleading standard from Cornell University decision — see discussion above

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- PBM scrutiny: Pharmacy benefit managers face increasing regulatory and litigation pressure, including sponsor lawsuits, new federal accountability measures, sweeping California regulations effective January 1, 2026, similar North Carolina legislation, enforcement penalties and new proposed class actions alleging kickbacks and overcharging

Tobacco/vaccination surcharge cases

- Filing trend: In 2024, at least 22 class actions alleged that health and welfare plan sponsors violated ERISA's anti discrimination provisions by imposing premium surcharges based on whether a plan participant was a smoker (and/or, in some cases, not vaccinated) without offering compliant wellness program alternatives, and in 2025 the number of new filings rose to 25
- Regulatory backdrop: Plaintiffs have relied heavily on DOL regulations requiring retroactive availability of wellness incentives. Defendants' positions may be bolstered by Loper Bright v. Raimondo, which ended Chevron's deference to agency interpretations
- Procedural outcomes: Most cases initially survived motions to dismiss, with several quick settlements of up to $5 million. After a period in which almost all surcharge cases were getting past initial motions, three tobacco surcharge cases were recently dismissed. Appellate guidance is pending

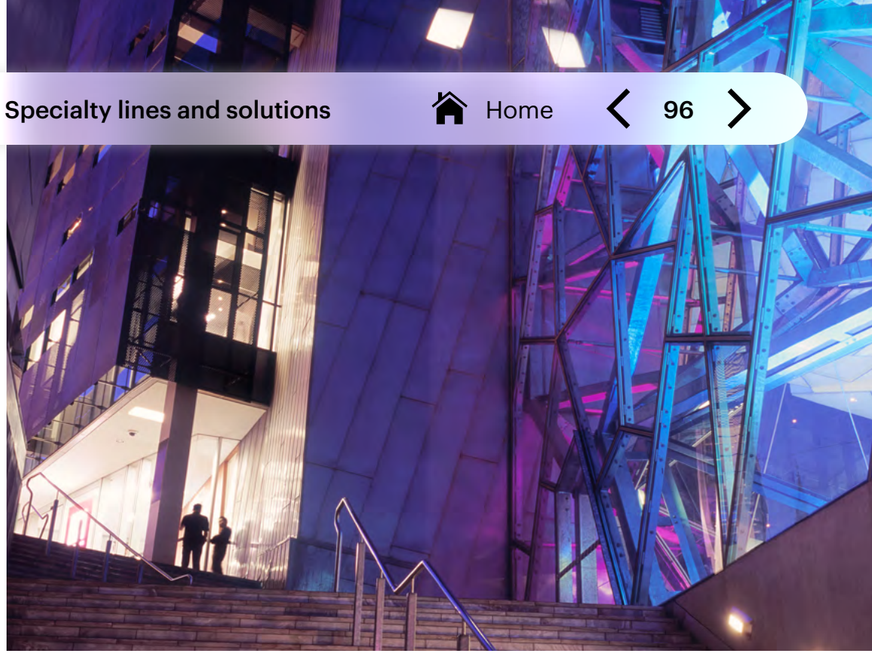
New voluntary benefits class actions

- New litigation category: On December 23, 2025, the Schlichter firm filed a new type of fiduciary class action against four plan sponsors and their benefits advisors, targeting the offering of voluntary benefits such as accident, critical illness and hospital indemnity coverage
- Core allegations: Plaintiffs allege failures to prudently oversee carrier selection, commissions and loss ratios, resulting in excessive premiums, and claim that advisors were overcompensated and engaged in self-dealing
- Regulatory theory: The suits contend that the voluntary benefit programs are ERISA welfare plans that do not qualify for the regulatory safe harbor for certain group insurance programs
- These cases are brand new, so there have not been any decisions yet

Employer stock class actions against public companies have remained non- existent for several years, but private companies still see claims and settlements

- Employer stock litigation: Public-company employer stock drop class actions remain rare and are routinely dismissed in the aftermath of the U.S. Supreme Court's decision in Fifth Third Bank v. Dudenhoeffer, but insurers continue to view employer stock as a heightened risk, often imposing exclusions or higher retentions. Claims continue against private companies with ESOPs, primarily involving valuation issues, with multiple settlements reached in 2025, ranging from $850,000 to $2.375 million to $5.9 million to $12.7 million
- Regulatory developments: Two proposed ESOP rules from the prior administration — addressing adequate consideration and a prohibited transaction exemption — have been withdrawn. In January 2026, EBSA also announced that ESOPs were removed from its national enforcement project list

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



ESG developments

Unique decision in first anti-ESG class action

- **American Airlines ESG case:** Filed in 2023, the case proceeded to a bench trial, resulting in a 2025 decision finding no breach of the duty of prudence but a breach of the duty of loyalty based on ties to BlackRock
- **Remedies:** Although the court found no damages, it imposed multiple forms of equitable relief, including restrictions on ESG-related proxy voting and limitations on BlackRock's role as an asset manager absent strict controls
- **Fees:** The court awarded plaintiffs approximately $4.6 million in attorneys' fees after reducing the amount requested ($7.9 million) to reflect partial success
- **Pro ESG fiduciary claim:** At least one class action alleges a breach of ERISA fiduciary duty for failing to consider climate change risks, challenging investment in a carbon-intensive fund exposed to climate related regulatory and physical risks. Plaintiffs claim the fund underperformed benchmarks by 17% in 2025 and charged materially higher fees than comparable alternatives

New ESG investment rule expected

- ESG rule reset: The DOL has asked the Fifth Circuit to pause action in Utah v. Walsh while it works to issue a new ESG investing rule, ending litigation over the prior administration's 2023 rule
- Expected direction: The new rule is expected to closely resemble the 2020 framework, reflecting a presumption that favoring ESG factors is likely to lead to sacrificing investment returns in violation of ERISA

Other executive orders and policy memos

America First Investment Policy

- Policy directive: In February 2025, the administration issued a policy memo calling on the DOL to update ERISA fiduciary standards governing investments in "foreign adversary" companies
- Purpose: The goal is to protect U.S. retirement savings and redirect investment toward domestic growth
- Scope: "Foreign adversaries" include China, Russia, North Korea, Venezuela, Cuba and Iran, though retirement plan exposure is largely limited to China. However, few securities from foreign adversaries, apart from China, appear in retirement plans

Private equity in retirement plans

- Executive order on alternative assets: In August 2025, the administration issued an executive order stating that alternative assets, including private equity, can offer diversification and competitive returns, and directed the DOL, Treasury and SEC to coordinate efforts to facilitate access for ERISA plans. The proposed rule, which also addresses cryptocurrency, has now been reviewed by the White House and will be released for public comment
- Risk considerations: Critics caution that private equity is illiquid and fee intensive, increasing fiduciary risk. Similar concerns were raised in a 2021 Supplemental Statement, which emphasized the need for heightened diligence and oversight

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Cryptocurrency investment rule rescinded

- On May 28, 2025, the Department of Labor issued Compliance Assistance Release No. 2025-01, rescinding its 2022 guidance on cryptocurrency investments in 401(k) plans. The Department criticized the prior requirement that fiduciaries exercise "extreme care," noting that such a standard is not found in ERISA, and stated that it is returning to a historically neutral approach to cryptocurrency
- Separately, Indiana has begun requiring cryptocurrency to be offered as an investment option in state defined contribution plans

Other regulation

- **Mental health parity flux and mixed messages**
  - MHPAEA rule issued: In September 2024, DOL, Treasury and HHS issued a final rule expanding Mental Health Parity rules, adding detailed compliance standards and documentation obligations for group health plans
  - Enforcement pause: In May 2025, the agencies announced they would not enforce the 2024 rule until litigation concludes, plus an additional 18 months, while they revisit the rule
  - Continued focus: Despite the pause, the DOL recently reached a $30 million settlement over alleged MHPAEA violations and identified reducing barriers to mental health and substance use disorder benefits as a 2026 enforcement priority
- **SECURE ACT 2.0**
  - Securing A Strong Retirement Act (SECURE 2.0) was signed into law on December 29, 2022, with parts taking effect immediately and others being phased in over time. For discussion of key provisions, see this article
  - As a result of some perceived confusion over specifics and logistics, the IRS released Notice 2024-2, the long-awaited "grab bag" notice that provides Q&A guidance on various provisions; for details see "IRS guidance on SECURE 2.0 provisions"

Enforcement

- **Enforcement shift:** EBSA leadership has signaled a move away from open ended investigations, reduced skepticism toward ESOPs and curbs on use of common interest agreements with plaintiff firms, emphasizing fair, efficient enforcement
- **Regulatory clarity:** EBSA leadership favors clearer guidance on plan forfeitures, pension risk transfers, cybersecurity and has pledged to end perceived bias against ESOPs
- **Stated 2026 priorities:** In its January 2026 agenda, EBSA highlighted cybersecurity, access to mental health benefits, retirement asset management and surprise billing
- **EBSA results**: Although EBSA once again recovered approximately $1.4 billion in 2025 (very similar to the two previous years), it seems likely that results for 2026 will be down, since EBSA proposed a cut of $10 million and 47 employees in its FY 2026 Congressional Budget Justification

Contact

Lawrence Fine
Management Liability Coverage Leader, FINEX NA
larry.fine@wtwco.com

John M. Orr
D&O Liability Product Leader, FINEX NA
john.orr@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Financial Institutions — FINEX

Rate predictions

ICPL

flat to +5%

BPL

flat to +10%

Asset Management D&O/E&O (excluding Private Equity)

–5% to +5%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Executive summary

As the financial institutions (FI) insurance market enters 2026, the environment is shaped by a combination of carrier consolidation, evolving AI driven risk, shifting regulatory pressures and divergent conditions across subsectors. Despite several notable carrier exits and acquisition activity, the FI market overall continues to benefit from steady capacity, competitive underwriting appetites and stable pricing across most FINEX product lines.

Artificial intelligence — previously categorized as an "emerging risk" — is now a foundational underwriting lens embedded into every major product line. Simultaneously, regulatory risk has not subsided; instead, it has become more targeted, with selective tailwinds for traditional institutions operating under a deregulation oriented federal administration.

Against this backdrop, brokers and clients operating in a soft market must approach renewal planning with increased discipline, proactive disclosure and a strategic focus on controls, cross selling opportunities and limit expansion. While most FINEX lines remain favorable, outliers such as Insurance Company Professional Liability (ICPL) and Bankers Professional Liability (BPL) — as well as tracked EPL loss activity — require more nuanced management.

Macro, political and regulatory environment

Entering 2026, the U.S. macroeconomic backdrop remains constructive though uneven. GDP growth is projected at 2 – 2.5%, supported by AI-driven productivity gains, ongoing fiscal stimulus and a regulatory environment more accommodating toward capital formation and institutional innovation. Inflation remains sticky, while interest rate flexibility is limited. Recession risk is lower relative to previous cycles, though market volatility remains a persistent feature.

The political direction under the current administration prioritizes deregulation, tax relief, selective tariff regimes and increased latitude for corporate capital deployment. These policies collectively bolster the financial sector's growth potential, though rising geopolitical fragmentation increases exposure to cyber, operational resilience and third party supply chain risks.

Regulatory posture continues to shift from prescriptive rulemaking toward risk based supervision. While this reduces operating friction for many FI clients, it does not eliminate enforcement or litigation exposure, especially amidst a heightened focus on data governance, privacy and AI oversight.

Overall FINEX market themes for 2026

Carrier consolidation and market structure

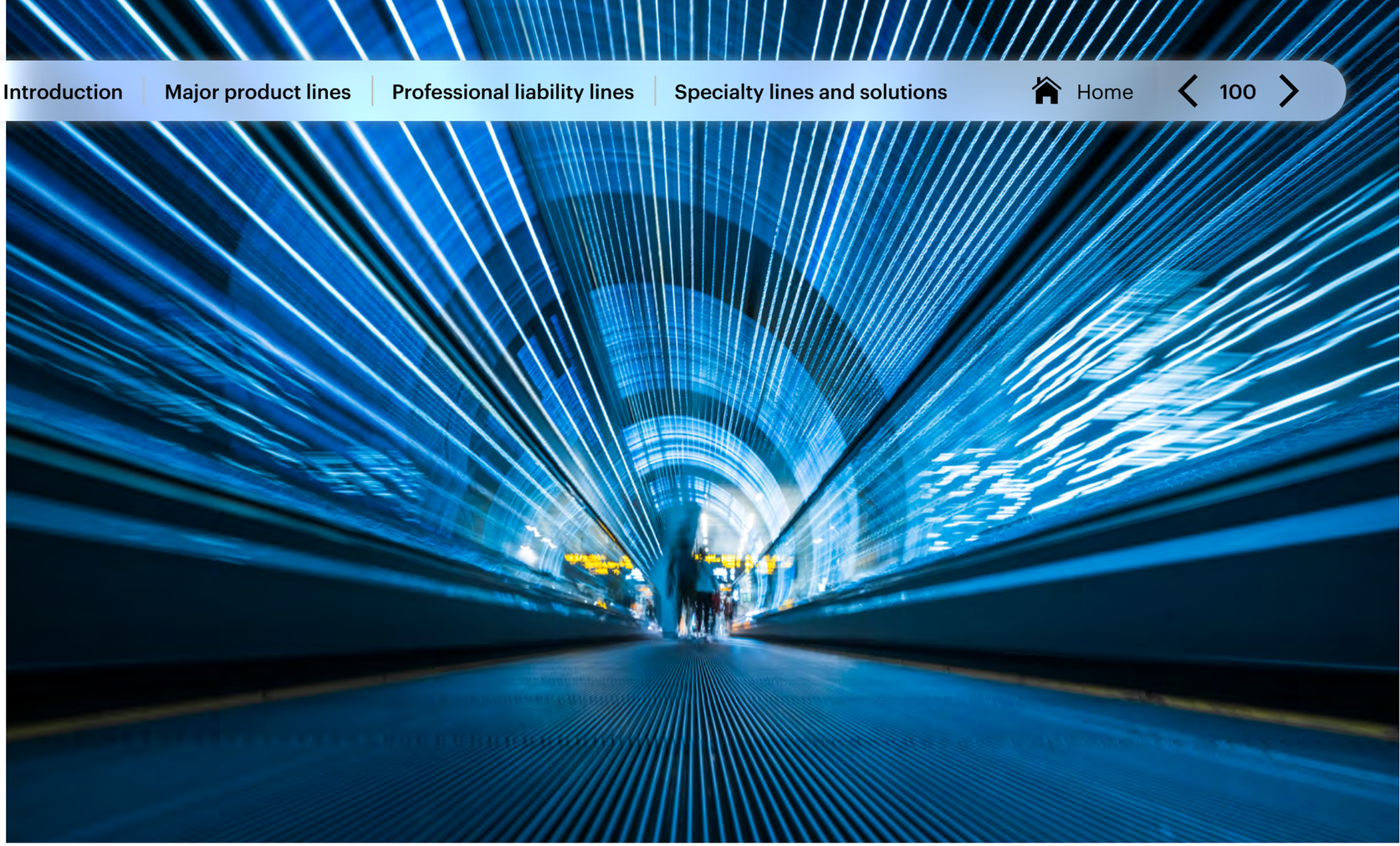
Recent exits and M&A activity — including Markel, Argo and Everest — have reshaped parts of the FI marketplace, with renewal rights absorbed by other carriers. Beazley's public announcement of sale discussions with Zurich signals further consolidation ahead. Despite these shifts, total industry capacity remains robust and competitive pressure has kept most FI pricing stable.

AI risk, privacy and governance

AI has evolved from an emerging consideration to being central to underwriting philosophy across E&O, EPL, cyber and other FI aligned products. Underwriters increasingly scrutinize:

- Governance frameworks
- Data integrity and lineage
- Accuracy and explainability of AI driven decisions
- Risk of "AI washing" in client-facing representations
- Operational dependencies on third- and fourth party technology partners

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Regulatory risk evolution

Regulatory pressure has become more targeted rather than disappearing. Traditional financial institutions may benefit from deregulatory tailwinds, but supervisory agencies remain focused on:

- Fiduciary duties
- Privacy and data protection
- Operational resilience
- AI fairness and defensibility
- Private credit exposure
- Workforce rights expansion (in the case of EPL)

Selling into a soft market: Strategic implications for brokers and clients

Even in soft conditions, discipline is paramount. Key strategies for achieving optimal outcomes in 2026 include:

- Early renewal planning: Engagement well ahead of renewal cycles enables improved marketing leverage and carrier alignment
- Proactive disclosure: Transparency regarding operations, controls and AI governance frameworks strengthens underwriting confidence
- Robust control frameworks: Strong client controls translate directly into improved pricing, capacity and terms
- Coverage enhancements: Soft conditions allow negotiation for more expansive or tailored terms
- Recognizing exceptions: ICPL and BPL remain more challenging, influenced in part by EPL claim trends and sector specific loss activity

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Sector deep dive

Asset managers

Market conditions

Asset management remains the most attractive FI subsector for insurers. Pricing is generally flat to –5% (excluding private equity) for most favorable risks, while asset managers with challenged risk profiles (e.g., claims activity) or strategies (e.g., private credit) may receive greater underwriting scrutiny and potentially less favorable renewal results.

Overall capacity remains abundant on a primary and excess basis, while coverage terms and per claim retentions generally remain stable.

Macro and regulatory influences

Forces shaping the asset management industry include persistent economic uncertainty, evolving interest-rate environments and shifting global capital flows, all of which influence investor behavior and portfolio construction. Simultaneously, regulators are tightening frameworks around liquidity, operational resilience, disclosures and private-market oversight, requiring firms to pursue growth while meeting higher standards for transparency, governance and risk controls. These combined pressures are driving asset managers to modernize infrastructure, deepen compliance capabilities and adopt technologies that enhance efficiency and resilience.

Underwriting focus areas

1. **AI governance:** Data quality, oversight, fraud prevention and responsible-intent documentation; scrutiny of communications to prevent AI related misrepresentation
2. **Regulatory exposure:** SEC's focus on fiduciary duty, privacy and operational resilience persists regardless of broader deregulation
3. **Private credit risks:** Valuation discipline, due diligence processes, leverage monitoring, collateral quality, sector concentration and the impact of AI on loan portfolios
4. **Digital currency:** Elevating risks related to fraud, cyberattacks, asset custody and rapid regulatory shifts

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Banks

Market conditions

Pricing is generally flat to +10% for clean risks; more challenged risks — particularly non-bank lenders — face upward pressure. Primary capacity is tighter than in asset management, though excess markets remain competitive.

Macro and regulatory influences

Deregulatory momentum supports M&A activity, capital optimization and innovation. Basel III re proposal adjustments, leverage ratio reforms and tailored stress testing enhance capital efficiency. Clarity around digital asset and stablecoin frameworks is expected to improve supervisory predictability.

Underwriting focus areas

1. **AI deployment:** Documentation of intended AI use, risk controls, fraud detection enhancements and customer-facing applications
2. **Economic and geopolitical stress:** Quality of scenario planning amid global instability and changes at the Federal Reserve
3. **M&A execution:** Strength of due diligence, integration processes and governance controls

Insurance companies

Market conditions

Pricing is flat to +5% for well-performing risks, with limited relief for underperforming carriers. Capacity remains constrained — among the tightest of all FI subsectors — especially for primary limits. Terms have become stricter, particularly regarding claims reporting and bordereau requirements.

Macro and regulatory influences

Premium growth is moderating across life, annuity and P&C lines. Regulatory attention remains high on private credit, AI transparency, climate disclosures and cyber/privacy. NAIC rules on AI and big data are expected to continue advancing, while reinsurance costs create stress for smaller insurers.

Underwriting focus areas

1. **AI governance:** Fairness, defensibility of underwriting and claims decisions and fraud impacts driven by AI enabled schemes
2. **Claims handling:** Robust documentation, escalation discipline and oversight
3. **Investment portfolios:** Real estate exposure, valuation controls, private credit assessments and concentration risk — especially acute for life insurers

Conclusion

The 2026 FI insurance landscape is defined by structural transition — carrier realignment, AI centric underwriting, evolving regulatory frameworks and differentiated risk profiles across subsectors. While the market remains broadly soft and competitively priced, this environment rewards preparation, transparency and strategic portfolio positioning. Institutions and brokers that anticipate underwriting priorities and adapt early will be best placed to secure favorable outcomes in the year ahead.

Contact

Alex deLaricheliere
Senior Managing Director, FINEX Financial Institutions & Professional Services
alex.delaricheliere@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Professional Services

Rate predictions

Large law firms

–2% to +3%

primary layer with higher excess layer increases

Management consulting firms

–5% to +10%

Small to mid-size law firms

–5% to flat

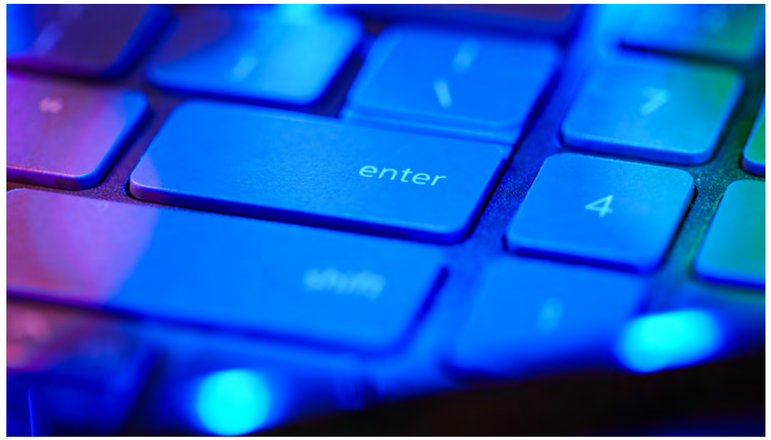
Key takeaways

We have entered a steady phase in the primary layer market. Rate action taken during the hard market cycle has resulted in general rate adequacy at the primary layer level. Insurers are seeking to maintain this position by adjusting rates up 1% to 3% for inflation. Excess layer insurers are still working to correct inadequate pricing with significant price increases in the 5% to 10% range as claim severity continues to impact layers above the primary.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Lawyers

- **Claims severity continues:** The severity of LPL claims has not abated. More claims are exceeding the primary layer. Claims of $100 million or more continue to impact the market
- **Inflation impacting rates:** Primary underwriters have been successful in correcting pricing to reflect severity and are now looking to hold the line with inflation increases. Excess insurers have less flexibility to correct rates and are continuing to correct rates upwards
- **Modest primary competition:** Primary layers have benefited from some competition as insurers push to move down to the primary from excess positions to gain better price to exposure ratios



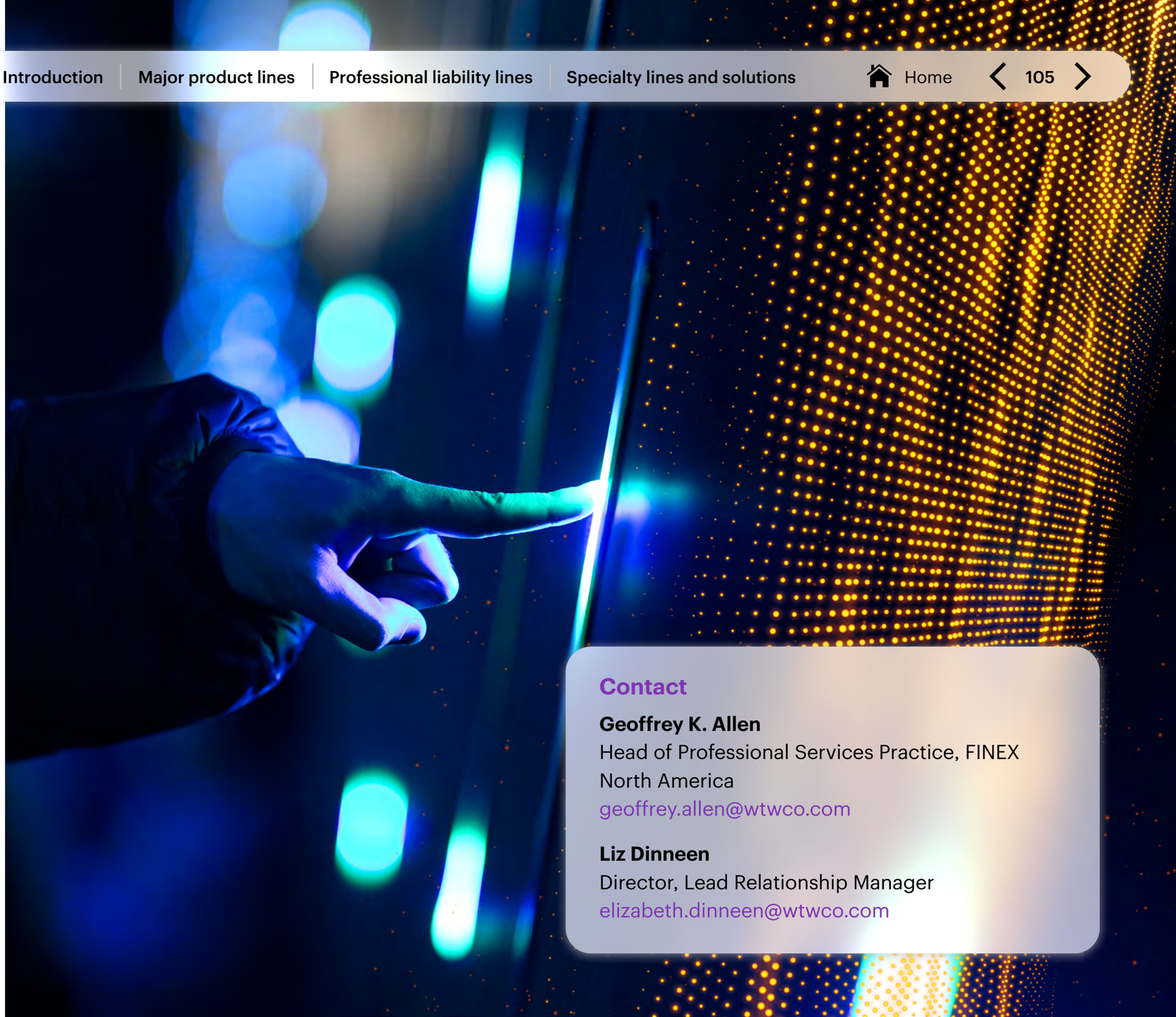
- **Change in rating base:** Some underwriters are considering a change in the rating base from lawyers to revenue. Rate to revenue is not keeping up with firm revenue growth. Growing use of AI is expected to reduce the number of attorneys or at least slow attorney growth while increasing revenue, therefore distorting the attorney rating base
- **Underwriting focus:** Increasing use of AI by lawyers continues to be an underwriter focus. Underwriters are concerned with senior attorney oversight and compliance with professional ethical standards and making sure there are tight controls over AI selection and use to ensure accuracy. Underwriters are also focused on the following:
  - Training/supervision
  - Significant lateral movement with respect to lateral selection, integration and cultural dilution
  - The financial stability of law firms
  - Law firms working with entities in sanctioned countries
  - Ensuring that there are redundancies in place if law firms are faced with a cybersecurity incident
  - Making sure there are tight controls over AI to ensure accuracy

Management consultants

- **Procurement and FCA scrutiny are increasing:** Consultants are more frequently engaged by government entities to improve efficiency and reduce costs, while regulators and insurers are closely monitoring billing transparency, administrative processes and payment methodologies — highlighted by major settlements
- **Conflicts of interest are an enforcement priority:** The DOJ is increasingly targeting consultants for failing to disclose conflicts when bidding for work, with high profile cases
- **Breach of contract claims pose outsized exposure:** These claims typically require a lower burden of proof than negligence, allow damages tied directly to contract terms and are often excluded from corporate indemnity obligations
- **Artificial intelligence is expanding risk faster than coverage clarity:** AI consulting is driving revenue growth as organizations invest heavily in deployment and integration, while insurers are still adapting underwriting approaches; AI specific exclusions remain limited, creating uncertainty around future claims and coverage interpretation

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- **Underwriters continue to focus on:**
  - Cyber controls
  - Practice areas: Turnaround management, cryptocurrency, tobacco and pharmaceuticals (especially opioid) continue to be considered high hazard
  - Financials: Clients have become more demanding and are pushing back against concepts like billable hours and seeking cost transparency
  - Appropriate licenses being in place when insureds work with sanctioned governments
  - Controls over the use of artificial intelligence
  - Global professional service safeguards to ensure engagements with foreign entities don't violate FCPA statute



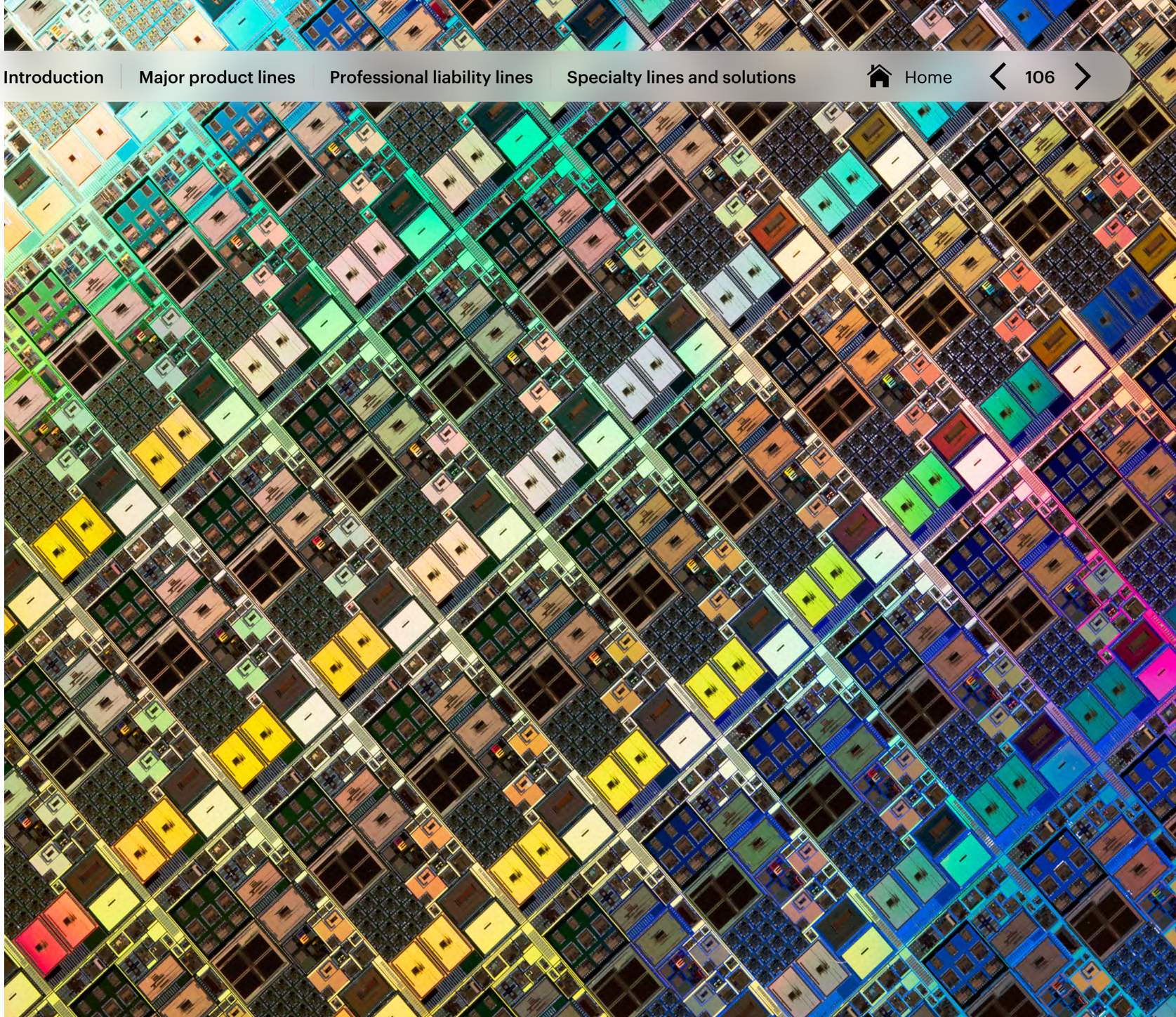
Contact

Geoffrey K. Allen
Head of Professional Services Practice, FINEX North America
geoffrey.allen@wtwco.com

Liz Dinneen
Director, Lead Relationship Manager
elizabeth.dinneen@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Specialty lines and solutions



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Click each square to go directly to that **specialty line and solution.**

- Alternative Risk Transfer (ART)
- Architects and Engineers
- Aviation & Space
- Captive Insurance
- Construction
- Crisis Management
- Energy
- Environmental
- Healthcare Professional Liability
- Managed Care E&O and D&O
- Marine Cargo
- Marine Hull and Liability
- Personal Lines
- Political Risk
- Product Recall
- Private Equity Property and Casualty
- Senior Living
- Surety
- Trade Credit

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Alternative Risk Transfer

Rate predictions

Structured solutions

Downward pressure on insurer risk margins

Integrated risk programs

Limited market appetite

Parametric solutions

–5% to flat

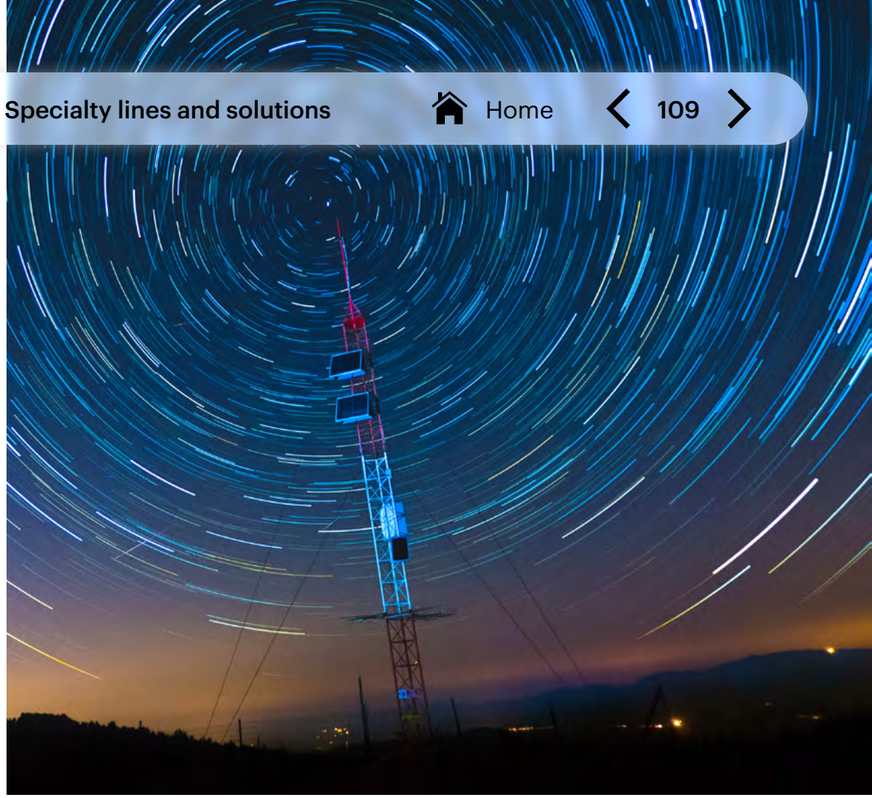
Captive stop loss

Highly customized based on analytics

Key takeaways

Insureds now use alternative risk transfer as a deliberate, year-round balance-sheet tool — not a last resort for hard markets. In a softer environment, they move early and deploy structured solutions with precision, targeting stressed layers (such as casualty buffer, umbrella, low excess and primary property) and using 100% placements or quota-share participation to align risk and economics. They position programs to capture value as premium dynamics evolve over the next 36 months. They execute loss portfolio transfers to convert legacy liabilities into clearer outcomes and greater capital certainty. They pair traditional property with parametric catastrophe (CAT) and weather protection to close coverage gaps and accelerate liquidity, and they use captive stop loss structures to cap downside and protect captive capital.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Structured solutions help insureds act decisively in a softer market. Insurers deploy structured placements to keep programs moving where traditional coverage strains — casualty buffer, umbrella, low excess and primary property — and they use quota-share participation and targeted layer strategies to capture value and position for potential industry premium increases over the next 36 months. In parallel, carriers protect captive capital more aggressively, with stop-loss structures increasingly serving as a disciplined backstop against capital erosion.

- Insurers focused on creating longer-term stability and savings, remain committed to this approach
- Market appetite remains strong with new capacity from traditional markets being made available via MGA/MGUs, with Lloyds markets are active through syndicated facilities
- Carriers are expanding their interest into healthcare liability, wildfire, construction and other lines

Parametric catastrophe (CAT) and Weather Solutions continue to be an extremely valuable approach for Insureds. Complementing property policies by offering targeted protection for loss costs that may be limited or excluded under traditional coverage.

- Capacity continues to increase and while established for large and complex insureds, is now actively targeting the middle market and smaller insureds
- Established for hurricanes and earthquakes, interest is growing for wildfires, tornadoes, hail and general weather (rain, temperature, snow) perils that can impact physical assets but also cause financial loss.
- Parametric products continue to innovate and evolve, leveraging data sources and deploying multi-faceted indexes to ensure robust response during events.

Other areas of interest

- Multiline/multiyear structured reinsurance or stop loss captive reinsurance programs
- Collateral-free “efficient” fronting for highly creditworthy insureds
- Capital-market-led solutions
- Loss portfolio transfers
- Integrated risk programs

While certain lines of insurance are showing rate improvement, alternative risk products remain a tried-and-tested valuable source of capacity for forward-thinking insureds.

Contact

Jody Yee
Head of Alternative Risk Transfer, Americas
jody.yee@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Architects and Engineers

Rate predictions

Based on the firm's favorable or challenging risk profile, the market can be summarized as follows:

Professional liability

0% to 5% (Favorable risks)

5% to 15% (Challenging risks)

General liability

0% to 5% (Favorable risks)

5% to 10% (Challenging risks)

Auto

5% to 15% (Favorable risks)

15% to 30% (Challenging risks)

Workers' compensation

0% to 5% (Favorable risks)

5% to 10% (Challenging risks)

Umbrella liability

5% to 10% (Favorable risks)

15% to 30% (Challenging risks)

Management liability

0% to 5% (Favorable risks)

5% to 10% (Challenging risks)

Cyber

0% to 5% (Favorable risks)

5% to 15% (Challenging risks)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Architects and Engineers

Key takeaways

The Architects & Engineers (A&E) professional liability (PL) marketplace in 2026 is broadly described as stable, driven by continued competition as a result of ample capacity, despite carrier consolidation. While pricing has remained relatively flat overall, many carriers believe current rates may be below long term sustainable levels given loss trends. As a result, it continues to operate within a distinct two-tier structure entering 2026:

Favorable risks — firms with no material change in business, strong risk management practices and stable loss histories — continue to benefit from competitive market conditions and stable pricing.

Challenging risks — firms with higher-exposure project types, complex services or adverse loss experience — face increased underwriting scrutiny, premium pressure and higher deductible requirements.

Based on the 2026 Willis A&E Emerging Risks and Claim Trends Survey, adverse claim severity trends remain the dominant concern across the PL marketplace. Approximately 85% of professional liability carriers report increasing claims severity, with social inflation cited as the primary driver across casualty lines. Insurers are also increasingly focused on emerging risks, including economic uncertainty, artificial intelligence and climate change. Claims are also taking longer to resolve and are becoming more expensive to settle. Depending on classification as a favorable or challenging risk, firms should anticipate renewal rate changes ranging anywhere from flat to 15%, along with continued pressure toward higher deductibles or self-insured retentions.

Within property and casualty programs, firms operating large vehicle fleets, maintaining adverse loss histories or presenting difficult geographical property exposures (CA and FL among others) are increasingly categorized as challenging risks.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The A&E professional liability marketplace remains stable with competitive pressure as we continue into 2026 – with only 39% of surveyed carriers anticipating an increase in PL rates. Adverse claim trends persist alongside a continued reduction in A&E PL Carriers' willingness to underwrite certain risks.

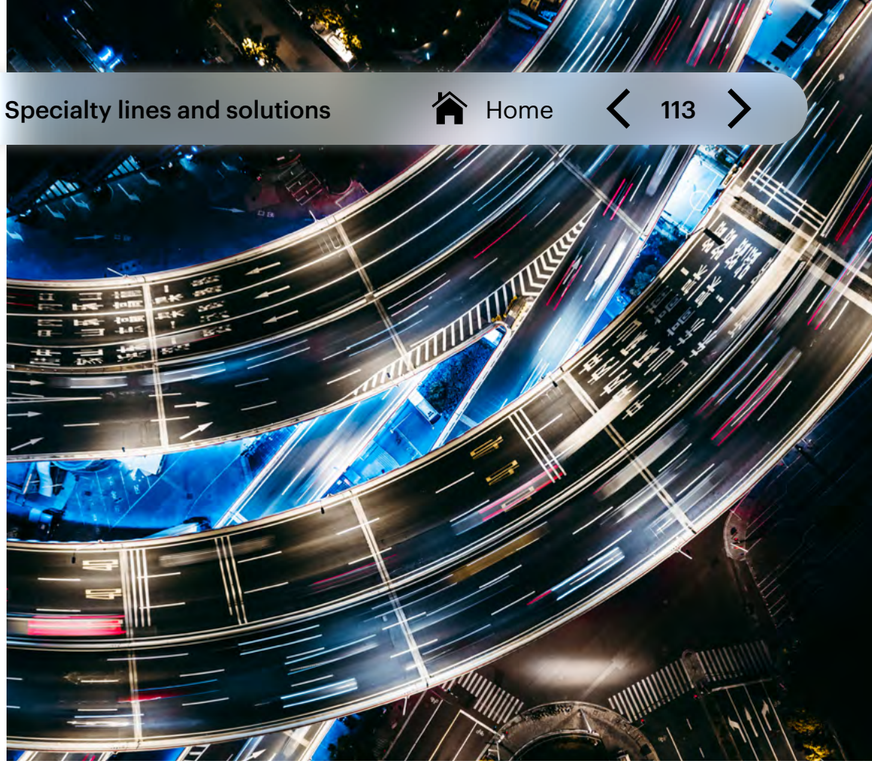
- Market consolidation continues following recent acquisitions involving Beazley and Everest; however, overall marketplace capacity remains strong
- Pricing remains largely stable for favorable risks despite ongoing underwriting caution. Underwriters continue to apply heightened scrutiny to challenging accounts, with deductible increases becoming more common
- Project specific professional liability (PSPL) has seen a slight increase in deployment on large projects — over $100 million in construction value. Overall, pricing remains stable, but highly dependent on the complexity of the project
- The London professional indemnity insurance (PII) landscape has continued to ease through 2024 and 2025, with insurers expanding capacity and demonstrating an increased appetite for well-managed construction risks. The market may be softening in 2026, but insurers' scrutiny of risk quality and documentation remains unchanged. Increased insurer appetite and competitive pricing have reshaped conditions for A&E firms. So far in 2026, we are forecasting renewal rates to be between –5% and –10%

Claim severity trends remain the primary driver for rate increases for specific exposures in 2026. Insurers note social inflation, the length of time to settle, tariffs, economic uncertainty, the rise in bodily injury claims as primary factors — with emerging risks such as artificial intelligence and climate change as contributors.

- The key claim trends include:
  - Rising claim costs: Average claims ~$130,000, with severity claims exceeding $250,000
  - Longer resolution timelines: Most claims take three to five years, with some extending beyond a decade
  - High defense costs: ~30 to 35% of claim spend is allocated to legal and expert expenses
  - Client-driven litigation: Over 80% of claims originate from clients[1]
- The drivers of claim severity include social inflation leading to larger jury verdicts and aggressive plaintiff strategies; increased litigation financing enabling more and longer disputes; construction cost inflation driving higher repair and delay damages and growing exposure from complex project types such as infrastructure, residential (particularly condos) and data centers
- Insurance carriers are monitoring evolving exposures driven by artificial intelligence, changing the standard of care, climate-related design risks, economic uncertainty impacting costs and supply chains, workforce experience gaps increasing execution risk and cyber threats creating potential project disruption and data exposure
- More information on emerging risks and claim trends can be found in the 2026 Willis A&E Emerging Risks and Claim Trends Survey

1. 2026 Willis A&E Emerging Risks and Claim Trends Survey.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



While the property and casualty landscape has remained mostly stable to date, insurance carriers are increasing rates on auto coverage to offset adverse claim trends. As a result, umbrella coverage has seen pressure due to the underlying auto-rate increases.

- Auto remains the most challenging casualty line. Increased accident severity, repair costs and nuclear verdicts continue to drive rate increases. Firms with large fleets or an unfavorable loss history should expect continued premium increases
- Umbrella liability pricing continues to rise, largely due to deterioration in underlying auto-performance. Carriers are reviewing fleet safety programs closely and may require structural program adjustments
- Workers' compensation rates remain stable in the A&E space due to professional office exposure. Larger firms with employees offsite should review their class codes to ensure stability of their experience modification rates
- Cyber market conditions have stabilized following prior years of volatility. Insurers report an increase in social engineering and funds transfer fraud claims. Firms should work closely with their broker to coordinate social engineering coverage limits
- Executive risk market conditions remain stable. EPLI claims frequency continues its upward trend. Geographic exposures — particularly California — continue to generate increased underwriting scrutiny and higher deductible expectations

Overall, the A&E insurance marketplace remains stable in 2026 with competitive conditions for favorable risks, particularly across professional liability, cyber and executive risk lines. Conversely, casualty lines — most notably auto and umbrella — continue to experience upward pricing pressure driven by adverse auto-claim trends.

Looking ahead, we expect the market to remain bifurcated:

Firms demonstrating strong risk controls, disciplined project selection and favorable loss histories should maintain access to stable pricing and adequate capacity.

Firms presenting higher-risk exposures or adverse loss experience may encounter tightening terms, increased retentions and elevated renewal pricing as insurers remain focused on loss performance.

Design firms should prepare for a complex and evolving insurance landscape and work closely with their brokers to position their risk profiles effectively and navigate market conditions successfully

Contact

Dan Buelow
Managing Director A&E
dan.buelow@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Global Aviation and Space

Rate predictions

General aviation hull and liability

flat
(Favorable risks)

+10% to +15%
(Challenging risks)

General aviation hull war

flat
(Favorable risks)

+10% to +15%
(Challenging risks)

Airline hull and liability

+15%
(Favorable risks)

+25%
(Challenging risks)

Airline hull

flat
(Favorable risks)

+10%
(Challenging risks)

Airline war liability (AVN52E)

–5%
(Favorable risks)

+5%
(Challenging risks)

Aerospace manufacturers, airports and service providers

–5%
(Favorable risks)

+5%
(Challenging risks)

Aircraft lessors and banks

–5%
(Favorable risks)

flat to +5%
(Challenging risks)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Global Aviation and Space

Key takeaways

The global aviation insurance market enters 2026 with strong overall capacity, yet heightened sensitivity to loss activity, geopolitical instability and claims inflation. While General Aviation and several specialty sectors continue to benefit from competitive conditions, the airline segment faces meaningful upward pressure on pricing as insurers absorb the financial impact of 2025's major losses and rising attritional trends. Across all segments, risk differentiation is sharpening and underwriters are rewarding organizations that demonstrate disciplined safety cultures, operational resilience, transparent data and proactive engagement.

For buyers, the current environment presents both opportunity and risk. Market capacity remains abundant in many sectors, creating chances to secure favorable terms, pursue multiyear agreements and strengthen long-term partnerships. Simultaneously, continued geopolitical volatility, evolving loss developments and the potential for market retrenchment in the second half of 2026 emphasize the need for thoughtful strategy, straightforward risk explanations and early placement planning.

As always, our priority is to ensure our clients are positioned to navigate changing market dynamics with confidence, access global capacity efficiently and secure outcomes that reflect their true risk quality. WTW remains committed to advocating for our clients, delivering expert insight and leveraging our global scale across Aviation and Space to achieve the strongest possible results in 2026 and beyond.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The general aviation market remains stable with ample capacity

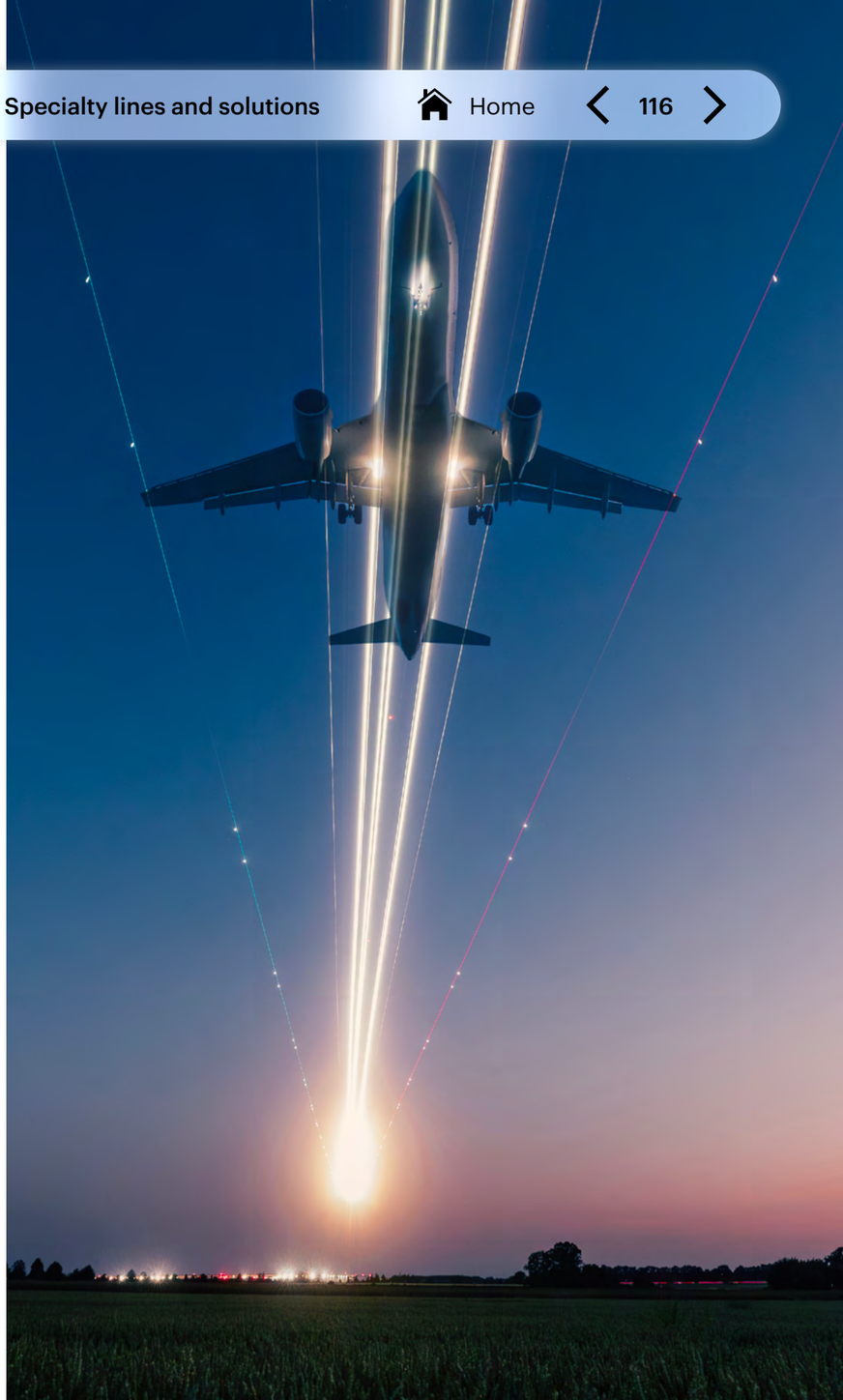
The major losses occurring in the airline segment and the crisis in the Middle East haven't yet impacted the general aviation segment, where competitive capacity remains abundant in the market.

- Insurers look to maintain and grow their portfolio with well-managed risks having a profitable loss record, experienced pilots and a strong safety culture
- Despite the large amount of capacity available, which is driving competitive rates, insurers would like to see rate/premium increases due to claims inflation driven by continued rising costs for airframe repair and high-valued engines
- If the second half of 2026 sees additional losses or further significant deterioration in claims in the overall aviation market, we could see additional markets withdraw capacity, which could cause general aviation rates to rise quickly
- While smaller general aviation risks are more likely to see flat rates, larger risks may achieve small rate reductions due to the capacity available in the global market.
- While competitive capacity remains available, we recommend exploring the option of binding a multiyear deal to lock in terms beyond 2026

Airline insurers will be looking for meaningful rate increases across their North American portfolios in 2026

Insurers' resolve in 2025 resulted in significant rate increases regardless of risk profile, though airlines with profitable loss histories were treated slightly better.

- Implications of the large airline losses throughout 2025 will start to be realized as reserves are posted
- Rising attritional claims in North America are also a significant factor, as insurers are near the breakeven point on premiums without accounting for potential large losses
- Potential impacts of the Russia aircraft seizure rulings could finally hit the airline market, and the aviation market as a whole
- In the hull war and third-party war liability markets, abundant capacity remains, creating downward pressure on pricing models
- Underwriters participating in both airline hull and liability and war programs are looking to link the renewals to secure a larger portion of the premium



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Capacity remains abundant for manufacturers, service providers and airports, though some sub-sectors are under scrutiny

Transparency and early market engagement remain the best advice looking to the rest of 2026 and beyond.

- Capacity has remained strong on both the reinsurance and insurance aspects of the market. This may be a signal that the market may be starting to contract, which could lead to less capacity on a go-forward basis
- Passenger growth has normalized after the post COVID rebound, helping the airport sector reach a relative equilibrium where exposure growth is flatter. Insurers are therefore focused on keeping premium increases proportionate, with strong claims management and demonstrated resilience key to achieving favorable outcomes
- Increased aviation activity delayed new aircraft deliveries and extended aircraft lifecycles have driven higher workloads and claims scrutiny for MROs. Insurers view the sector as claims active, making detailed performance data and evidence of effective workload and risk management critical to unlocking capacity and controlling pricing
- Ground handling remains a high frequency, low severity loss segment, with rising claim severity driven by inflation in repair costs and parts. Insurers expect a clear risk management strategy, robust incident data and thoughtful use of deductibles to address attritional losses rather than relying solely on premium increases
- Long-term agreements remain widely available for accounts with modest growth outlooks and low claims activity. Our recommendation remains to secure long-term agreements wherever possible to secure favorable pricing and terms long term

For aircraft lessors and banks, market conditions continue to stabilize as competition returns to this segment

Geopolitical instability continues to keep insurers and reinsurers focused on high-risk regions.

- Insurers are more willing to compromise on coverage, resulting in a more consistent application of coverage subjectivities
- After years of legal battles, a U.K. court ruled in June 2025 that insurers must pay for the aircraft losses under war risk coverage, which helped resolve related cases in Ireland and the U.S., with total losses from all settlements estimated at about $12 billion
- Jurisdictional focus and geographic aggregation of assets remain key focus areas. Mitigation of these risks allows for the removal of country-specific sub-limits and softening of coverage limitations
- At the time of writing, losses are expected to primarily impact the personal lines market, and with historic high amounts of reinsurance capacity available, rates for commercial property risks are expected to remain stable in 2026

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



The space insurance market has stabilized after two years of correction and uncertainty

The market is in growth mode, as insurers' primary goal is to reach an income level that allows the market to be consistently profitable.

- Losses in late 2025 significantly reduced what would have been a largely positive year, though the year was still marginally profitable
- Competition for high-heritage risks generates competitive market responses.
- Market capacity has increased in 2026 as carriers enter or re-enter the market
- Premium rates have softened for flight-proven hardware but remain at a high level for hardware with low-flight-heritage
- Insurers are adapting coverage requirements, and are focusing on redundancy, margin and a more disciplined overall underwriting strategy

Contact

Garrett Hanrahan
President, Global Aviation and Space
garrett.hanrahan@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Captive Insurance

Key takeaways

- Continued global turbulence is reinforcing the importance of robust risk management and risk financing strategies
- Captive utilization remains strong despite continued easing in commercial property pricing, driven by:
  - Natural catastrophes and losses from secondary perils remain high
  - Continued stress in casualty, auto-liability, excess and healthcare related lines where social inflation and third-party litigation funding
- Interest in using the captive to structure parametric solutions, especially around climate and environmental risks, remains strong, as clients seek capacity that may not be available in traditional insurance markets

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



U.S. domiciles

- New captive formations continued to be strong in 2025, with Vermont reporting 51 new captives licensed and 36 new cell captive formations. Delaware reported 51 new captive (including cells) formations, and North Carolina reported 21 new captive formations and an approximately 80 cell and series entities
- Strong interest in the captive market surrounding the use of analytics to optimize how the captive's capital is deployed. Resulting in expansions to the captive's business plan, a return of capital to its shareholders or maintaining a capital position to combat future commercial insurance market turns.
- Renewed energy around non-U.S. employee benefit captives. Aside from the savings they may generate, they also help in creating a greater diversified portfolio of risk within your captive program
- Early 2026 captive conferences are seeing record attendance numbers, suggesting continued interest in captive utilization and expansion in 2026

Americas offshore

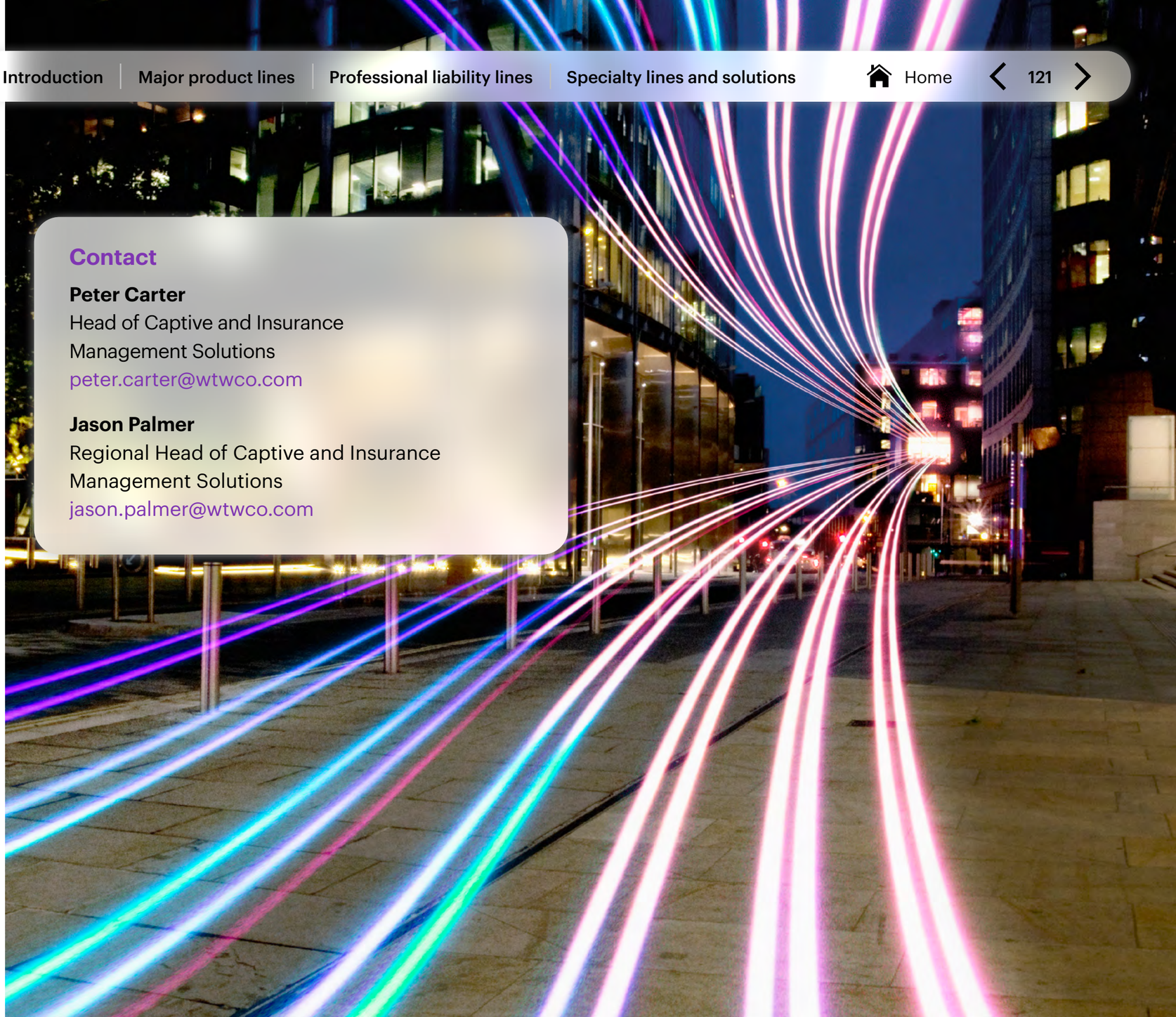
- The key Atlantic and Caribbean domiciles of Bermuda and the Cayman Islands continue to see growth in the number of new captive insurance licenses issued
- For the full year 2025, nine new captive licenses were issued in Bermuda and 58 insurance licenses in total. This compares to 17 new captive licenses issued in 2024 and 16 in 2023. Overall licenses issued in 2024 were 63, with both 2025 and 2024 license numbers heavily driven by SPI and Collateralized Insurer license classes
- As previously reported, there have been numerous Segregated Accounts (Cells) formed during 2024 and into 2025, but statistics for these have not been published
- 2025 saw the first interim corporation tax payments by Bermuda entities following the introduction of Bermuda CIT, contrary to expectations, we are not aware of captives leaving Bermuda because of CIT currently
- In the Cayman Islands, during the second half of 2025, CIMA issued a further 22 new licenses (full year — 42), compared to 20 licenses issued during the same period in 2024 (full year — 42)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- There continues to be growth in Segregated Portfolios (cells), Portfolio Insurance Companies (incorporated cells) and members in group captives. Although statistics are not published, a recent survey conducted by the Insurance Managers Association of Cayman, calculated the number of members of group captives in excess of 10,000
- As at end of year 2025, Cayman licensed entities held total assets more than $176 billion, writing annual premiums of over $51 billion. The life and annuity sectors counted for $84 billion of these assets and over $12 billion in premiums

Outlook

- The outlook for 2026 is for the observed trends in 2025 to continue as captives are further embedded in enterprise risk management strategies. Not only to help save costs, but as a strategic enabler of resilience and risk financing innovation



Contact

Peter Carter
Head of Captive and Insurance Management Solutions
peter.carter@wtwco.com

Jason Palmer
Regional Head of Captive and Insurance Management Solutions
jason.palmer@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Construction

Rate predictions

General liability
flat to +10%

Auto liability
+5% to +15%

Workers' compensation
flat to +5%

Umbrella and excess liability
+5% to +15%

Non-high hazard Nat Cat project specific builders risk
0% to +2.5%

Master builders risk/contractors block
–5% to +5%

Professional liability
–5% to +5%

Rate Predictions for project-specific/OCIPs/CCIPs

- Primary GL only
  flat to +10%
- Primary Dual line (WC, GL)
  flat to +5%
- Lead and excess liability
  +10% to +20%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Construction

Key takeaways

As we move into 2026, the construction insurance landscape presents an environment that, while still complex, demonstrates signs of evolution. Select segments including Workers' Compensation and Property markets are exhibiting stabilization after extended periods of hardening conditions. Nevertheless, ongoing challenges from social inflation, elevated claim severity levels, diminished capacity and intensified underwriting scrutiny continue to define the marketplace. Capital deployment by carriers has become increasingly strategic, with growing distinctions drawn between strong-performing exposures and troubled accounts. Market participants should anticipate sustained volatility alongside continued focus on robust risk management practices, transparent communication and thoughtful program architecture.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Data centers and infrastructure opportunities

The data center construction sector remains a compelling area combining significant growth potential with elevated underwriting attention. Such projects demand substantial power, energy and water infrastructure investments, with certain property owners developing dedicated water treatment facilities. Underwriters are emphasizing the credentials and operational track records of owners and operators, especially when power generation or utility management extends beyond their traditional areas of competency.

The insurance industry is addressing these emerging exposures through creative product development, including offerings engineered to deliver continuous coverage spanning the construction phase into operational periods. Data center exposures maintain appeal from a carrier appetite perspective, though insurers are progressively adjusting rates upward in response to substantial deployed capacity and sparse long-term loss development information. Capital concentration concerns and ambiguity surrounding operational loss patterns have been identified by certain markets as key pricing influences.

Builders risk

Market conditions have strengthened with enhanced available capacity and more robust reinsurance backing. Underwriters maintain selectivity, favoring projects featuring clear funding sources, achievable timelines and seasoned execution teams. Secondary natural catastrophe risks (severe convective storms, tornadoes, wildfires) persist as focal points for underwriting evaluation and deductible structuring. Construction methodologies and innovative approaches (modular construction, mass timber) are shaping underwriting determinations, necessitating comprehensive risk mitigation frameworks. Project schedule complexity and valuation precision remain paramount considerations for underwriters.

Capacity

Overall improvement, particularly for non-combustible and masonry non-combustible developments; wood frame capacity shows expansion.

Coverage

LEG3/COMG continue to face examination; early consensus on coverage enhancements proves essential for sophisticated projects.

Issues

Secondary natural catastrophe exposure, project valuation precision and intricate testing/commissioning protocols persist as underwriting challenges.

Opportunities

Modular construction and mass timber represent promising growth avenues yet demand proactive engagement and thorough risk mitigation to obtain advantageous terms. Master Builder's Risk programs deliver strategic benefits for diversified portfolios.

The marketplace is achieving greater stability with enhanced capacity and more consistent underwriting approaches, though selectivity standards remain elevated. Projects showcasing strong governance frameworks, accurate project valuations and early stakeholder engagement will secure optimal outcomes. Natural catastrophe exposures and complex scheduling will continue influencing pricing and coverage parameters, while emerging construction techniques such as modular and mass timber present innovation opportunities when risk transparency and mitigation protocols are prioritized. In sum, 2026 offers a more foreseeable environment for well-positioned owners and contractors.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Casualty liability trends (auto, general liability, excess)

Casualty liability performance is being influenced by multiple interconnected trends. The expansion of third-party litigation funding is elevating litigation frequency, duration and severity. Jury verdicts persist in their upward trajectory, with nuclear verdicts prompting higher reserves and settlement amounts even for traditionally mid-tier claims. Escalating labor and material expenses have substantially increased property damage claim values, while attorney participation in claims continues its growth pattern.

Excess liability underwriters are increasingly emphasizing attachment points as defense expenses and settlement volatility expedite the depletion of primary limits. With excess capacity tightening, additional markets are frequently necessary to construct liability towers, escalating coordination demands to accomplish timely claim resolution. Typical excess capacity is commonly capped at $10M or occasionally $5M contingent on operations, loss experience and comprehensive risk profile. This signifies a material contraction from previous years, when single-market capacity of $15M to $25M was more routinely accessible. Carriers have additionally raised their minimum premium thresholds, amplifying costs for higher excess layers.

Auto liability

Fleet risk continues representing a substantial underwriting concern. Facultative reinsurance, previously reserved for only the largest fleets, has become standard practice even for operations of modest scale. While auto loss outcomes showed improvement during pandemic-related driving activity reductions, they have subsequently returned to historically elevated levels. Increasing loss frequency and severity are propelling higher aggregate loss costs, with third-party litigation funding having facilitated the proliferation of nuclear verdicts.

Further complications include rising vehicle repair expenses, experienced driver shortages and heightened incidents of distracted and reckless driving behavior. Per AM Best reporting, despite multiple years of aggressive underwriting and pricing initiatives, 2024 proved to be a notably challenging year for commercial auto, recording approximately $4.9 billion in losses with a combined ratio of 100%.*

Insurance providers are also applying increased scrutiny to hired and non-owned auto risks and third-party transportation engagements. With litigation gaining momentum, underwriters are progressively concentrating on how organizations oversee auto exposures that present quantification challenges. This encompasses more rigorous examination of contractual risk transfer mechanisms, vendor vetting procedures, driving policies and documentation requirements. Insureds dependent on third-party transportation partners are encountering more stringent underwriting criteria and expanded information gathering demands.

*"Best's Market Segment Report: US Commercial Auto Insurance Segment Stuck in Reverse as Losses Keep Mounting," AM Best, September 2025, https://news.ambest.com/newscontent.aspx?refnum=269297

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

General liability

The general liability claims environment continues transforming amid operational hurdles within the insurance sector. A pervasive talent shortage has materialized as veteran claim professionals retire, frequently succeeded by personnel with reduced training and institutional understanding. This challenge is exacerbated by heightened claims staff attrition, particularly at third-party administrators. These factors are contributing to extended claim timelines, increased defense expenditures and amplified variability in claim resolutions, reinforcing upward momentum on general liability pricing and enhanced underwriting scrutiny.

Concurrently, insurers are progressively implementing artificial intelligence throughout claims functions, deploying AI capabilities for claim intake, document examination, fraud identification, damage assessment, early severity evaluation, preliminary coverage determination and decision assistance. As these technologies enhance insurers' capacity to evaluate extensive datasets and recognize long tail and cumulative loss patterns, they have refined their understanding of high hazard, systemic risks.

From a coverage perspective, exclusions addressing exposures such as perfluoroalkyl and polyfluoroalkyl substances (PFAS) contamination and cyber incidents are appearing with increasing frequency in standard Commercial General Liability (CGL) policies. In response, insureds are more frequently utilizing dedicated, standalone insurance solutions to address these exposures.

Professional liability

For Owners and Contractors, the Professional liability (PL) insurance in the construction sector continues to be competitive, maintaining stable premium rates for a broad range of exposures. Insurers continue to exercise caution by managing their capacity and retention levels for both ongoing practice policies and project-specific coverage.

With the accelerated data center construction sector expansion, construction values have dramatically increased in relation to other infrastructure projects. Data center exposures are still in their infant stage, and carriers voice concerns over deployed aggregated capacity, almost no loss history information and long extended reporting periods on these projects.

The market for Owners' Protective Professional Indemnity has established in recent years from a niche product to a must-have product for prudent Owners. More Owners are pursuing OPPI placements as a valuable risk management tool for construction projects due to the various issues with relying on insurance provided by contractors and professional service providers on construction projects.

Workers' compensation

Workers' compensation continues as one of the most robust-performing casualty segments. Willis' analytics confirm that claim frequency maintains its downward trajectory, primarily attributable to enhanced workplace safety standards and procedures. Conversely, claim severity is trending upward, influenced by workforce aging and rising medical expenditures. Medical technology advancements continue yielding improved outcomes, yet they simultaneously contribute to elevated treatment expenses and overall claim valuations.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Projects (OCIPs & CCIPs)

As we continue to see growth in the global logistics market, e-commerce, AI and digital infrastructure, construction of data centers, warehouses & distribution facilities are booming. Although these projects are consistently increasing in construction value (many over $1B now), they remain very attractive to insurers because of their relatively straightforward risk perspective. Fueled in part by the construction of these mega-deals, infrastructure builds are increasingly visible in the pipelines. Adding exposure challenges to the high-risk infrastructure projects like coastal location, high-rise and complex design jobs is also driving more demand for an increase in excess liability.

Development of new office buildings, retail and commercial complexes remain significant particularly in established metro markets. We are seeing an increase in use of modular, prefabricated and mass-timber construction from these developers. However, underwriting of those risks may prove to be challenging due to limited historical loss data and unique risk profiles.

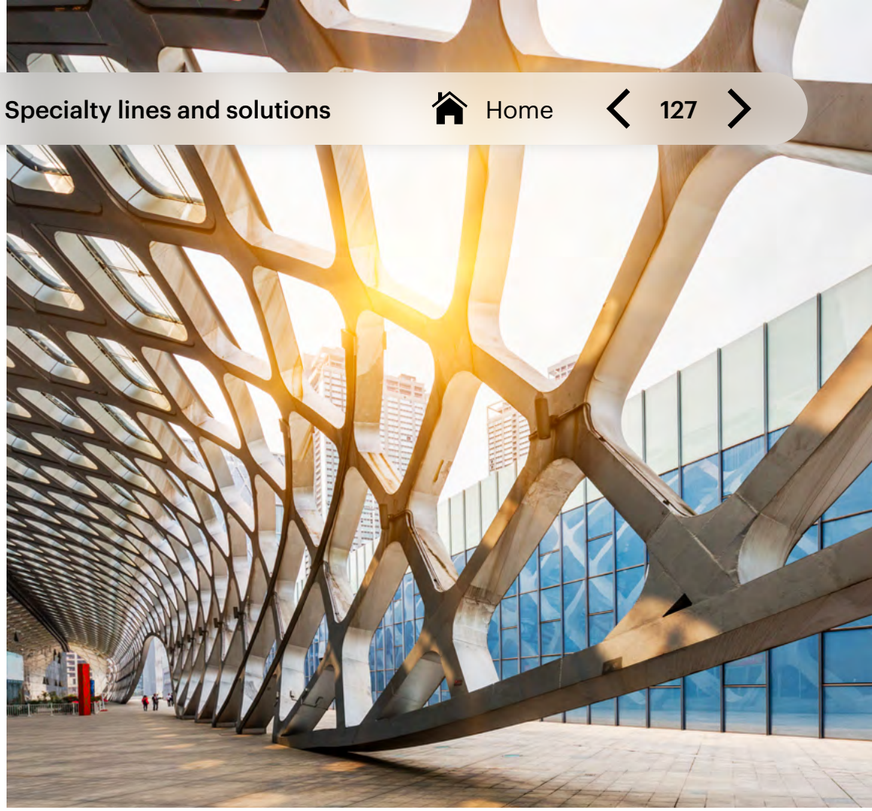
Willis' CIP administration teams in general are reporting an increase in new contracts per month year over year in comparison to early 2025.

Subcontractor Default Insurance (SDI)

SDI risk drivers

Geopolitical pressures – Ongoing geopolitical uncertainty continues to create volatility across global supply chains, impacting the cost and availability of materials, commodities and fuel. This sustained uncertainty is driving fluctuations in construction input costs and creating challenges for subcontractors in maintaining stable pricing and margin assumptions, ultimately increasing financial strain and performance risk.

Labor market dynamics – While overall employment levels remain relatively in-line with historical trends, the construction industry continues to experience shortages of qualified and skilled labor across certain markets in North America. Increasing project complexity and the demand for specialized trades are intensifying competition for experienced labor, driving wage inflation and placing pressure on subcontractor execution, productivity and schedule adherence.



Project size and complexity – Construction projects are becoming larger, more complex and longer in duration, requiring sustained resources and greater financial capacity from subcontractors. These factors are increasing exposure to potential default risk and increasing the need for enhanced SDI program structures to address large-scale and potentially catastrophic loss scenarios. This trend is placing added demand on the SDI market to deliver comprehensive and scalable risk transfer solutions.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

SDI market conditions

Rate environment – SDI rates remain generally flat to up 5% or more for well-performing programs, with higher increases applied based on contractor capability, loss history and overall risk profile. Pricing continues to be closely aligned with established risk programs, loss history, financial strength, subcontractor qualification practices and project complexity.

Capacity and coverage expansion – Capacity in base SDI programs remains strong, with primary carriers continuing to demonstrate commitment to both rolling programs and large, project-specific placements. At the same time, the market is beginning to see the emergence of additional excess capacity as contractors, owners and developers seek higher limits to support increasingly large and complex project risks.

Evolving coverage trends – SDI program coverage continues to evolve in response to changing delivery methods, increasing project scale and shifting risk dynamics. Enhanced and more flexible program structures are being developed to align with these emerging exposures.

SDI key client takeaway

Current market conditions reflect rising construction costs driven by geopolitical uncertainty, continued volatility in material, commodity and fuel pricing, and ongoing skilled labor shortages throughout North America. While SDI rates remain generally flat to +5% (or higher depending on contractor capability and loss experience), capacity in the market remains strong, with growing availability of excess coverage to support larger and more complex projects. Coverage structures continue to evolve alongside delivery method changes and shifting risk profiles. At the same time, subcontractor performance is increasingly influenced by labor constraints, cost pressures and project demands, raising concerns around their ability to execute on both individual and aggregate commitments. As a result, SDI programs continue to play a critical role in providing comprehensive project and balance sheet protection against subcontractor default risk for owners and contractors.



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

What is shaping construction insurance?

The U.S. construction insurance marketplace continues being molded by a blend of sector-specific advancement and enduring structural pressures. Development momentum remains vigorous in multifamily residential, data centers, energy redevelopment initiatives and population-growth markets such as Texas and Florida. Simultaneously, redevelopment undertakings, encompassing office conversions and large-scale infrastructure projects, present varied and frequently more sophisticated risk profiles that adversely affect carrier appetite, underwriting approaches and program design.

Throughout casualty segments, insurers continue grappling with structural obstacles including long-tail liability exposure, latent construction defects, rising claims severity and social inflation. Jury awards have escalated in both magnitude and occurrence, particularly in transportation-related and high-severity construction exposures. Consequently, liability limits once deemed sufficient such as $1M umbrella layers frequently no longer deliver meaningful protection in the contemporary litigation landscape, triggering heightened scrutiny of limit appropriateness.

In response, insurers are curtailing capacity, raising attachment points and instituting premium increases. Fewer carriers demonstrate willingness to allocate substantial blocks of excess capacity, with some having withdrawn from certain construction classes entirely. Retail brokers occupy an increasingly vital position in assisting insureds with coverage gap assessment, contractual requirement navigation and evaluation of higher liability limit needs beyond contractual minimums.

Construction market pressures and outlook

Although the construction casualty marketplace exhibits stabilization indicators relative to preceding years, volatility persists. Competitive dynamics have facilitated rate moderation for a select cohort of well-performing risks, while adverse loss developments continue affecting distressed accounts.

Concurrently, the market confronts multiple structural obstacles, encompassing third-party litigation funding, claims handling intricacy, latent defect exposures from historical construction cycles and persistent inflationary cost pressures. The introduction of new carrier and MGA capacity often underpinned by constrained historical loss experience introduces additional uncertainty, heightening the likelihood of underpricing and future loss development.

Contact

Jon Oppenheim
Head of Construction, North America
jon.oppenheim@wtwco.com

Jim Dunlap
Construction Broking Leader, North America
james.dunlap@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Crisis Management

Rate predictions

Terrorism and sabotage
–5% to +5%

Political violence
flat to +10%

Active assailant
–2.5% to +2.5%

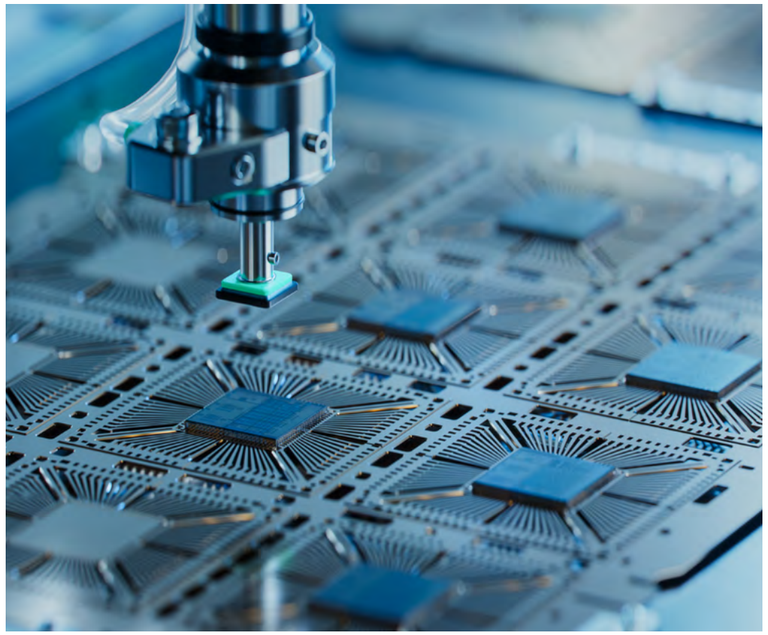
Kidnap and ransom
flat to +5%

Key takeaways

- **Middle East conflict reshapes market** — War coverage rates in Gulf states spiked up to 50x following Iran attacks; clients should secure coverage before renewals due to capacity constraints
- **Individual threats dominate** — Politically motivated violence, active assailant incidents and threats to executives are now the most frequent crisis events, expanding beyond traditional mass casualty scenarios
- **Crypto-fueled kidnapping surges** — Attackers increasingly exploit cryptocurrency anonymity to target executives and high-net-worth individuals, spreading beyond traditional hotspots
- **U.S. market stays competitive** — Despite elevated risks, terrorism/political violence capacity exceeds $2 billion with favorable pricing, though TRIA gaps leave civil unrest exposures uncovered

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The first quarter of 2026 witnessed a significant shift in the global geopolitical landscape, ushering in a new era of uncertainty in the Middle East and Latin America. For organizations with foreign operations, travel exposure and those impacted by international supply chains, a renewed focus on crisis risk management is imperative.



Terrorism and political violence

- Conflict in and around Iran has shone a spotlight on the terrorism and political violence (TPV) insurance market, which remains largely open even for risks in the Middle East. Rates for war coverage in certain gulf states increased by as much as fifty times in the days following the first attacks, and they have yet to subside as of March 2026
- Insurers are often limited by a country's aggregate exposure, and clients seeking protection against political violence losses should not wait for their next renewal cycle to request terms
- In the United States, capacity and pricing remain favorable despite elevated risk, as standalone terrorism and political violence insurance capacity has expanded beyond $2 billion. Competition has increased, and pricing has softened even as geopolitical instability and domestic extremism persist
- TRIA remains a critical but narrow backstop. There's a growing gap between so-called ‘certified’ acts of terrorism and the broader political violence, sabotage and civil unrest exposures driving losses

Active assailant and malicious attacks

- Threats to individuals are now the most frequently reported crisis incidents, driven by politically motivated violence, targeted attacks on public figures and active assailant events across North America and Europe
- Risk profiles have expanded beyond mass casualty events, with organizations increasingly exposed to lone-actor incidents, targeted shootings, intimidation and malicious threats that disrupt operations even without physical damage
- Preparedness and response costs are increasingly pivotal, with losses extending beyond property damage to include medical care, trauma response, business interruption, reputational harm and duty of care obligations

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Special crime, kidnap and ransom and emergency evacuation

- High-net-worth individuals and executives remain priority targets. Kidnap and extortion risks intensified in 2025 and spread beyond traditional hotspots into regions previously considered lower risk
- Crypto-linked kidnap and extortion have emerged as a defining trend, with attackers exploiting the anonymity and irreversibility of digital assets to target executives, investors and public facing individuals through violent coercion and ransom demands
- 24/7 access to specialist response services remains vital, as rapid deployment of crisis consultants, negotiators, medical and security experts continues to materially reduce harm and severity in kidnap, extortion and detention scenarios

Emergency evacuation and political repatriation demand increased materially, reflecting sustained geopolitical instability and reinforcing the importance of integrated crisis management programs that combine insurance, intelligence and response execution.

Contact

Peter Bransden
Head of Crisis Management, North America
peter.bransden@wtwco.com

Philipp Seel
Head of Special Risks, North America
seelp@scr-ltd.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Energy

Rate predictions

Property

Tier 1*
–15% to –20%

Tier 2**
–5% to –10%

Tier 3***
flat to –5%

Liability****

General liability
flat to +5%

Auto
+7% to +15%

Workers' compensation
flat to +2%

Lead umbrella
+5% to +15%

Excess liability
flat to +10%

*Tier 1: Well-engineered and operated risks with clean loss history
**Tier 2: Risks with clean loss history, but lower premium income/smaller insurer panels
***Tier 3: Challenging risks with significant natural catastrophe exposure, history of losses
**** Pertains to upstream/midstream/downstream/chemicals/mining; doesn't include oilfield services

Note: While market appetite for refining risks remains strong, renewal results in the refining sector may not reach the reduction peaks indicated in the above chart due to concerns resulting from downstream industry losses in recent years, driven disproportionately by refining sector clients.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Energy

Key takeaways

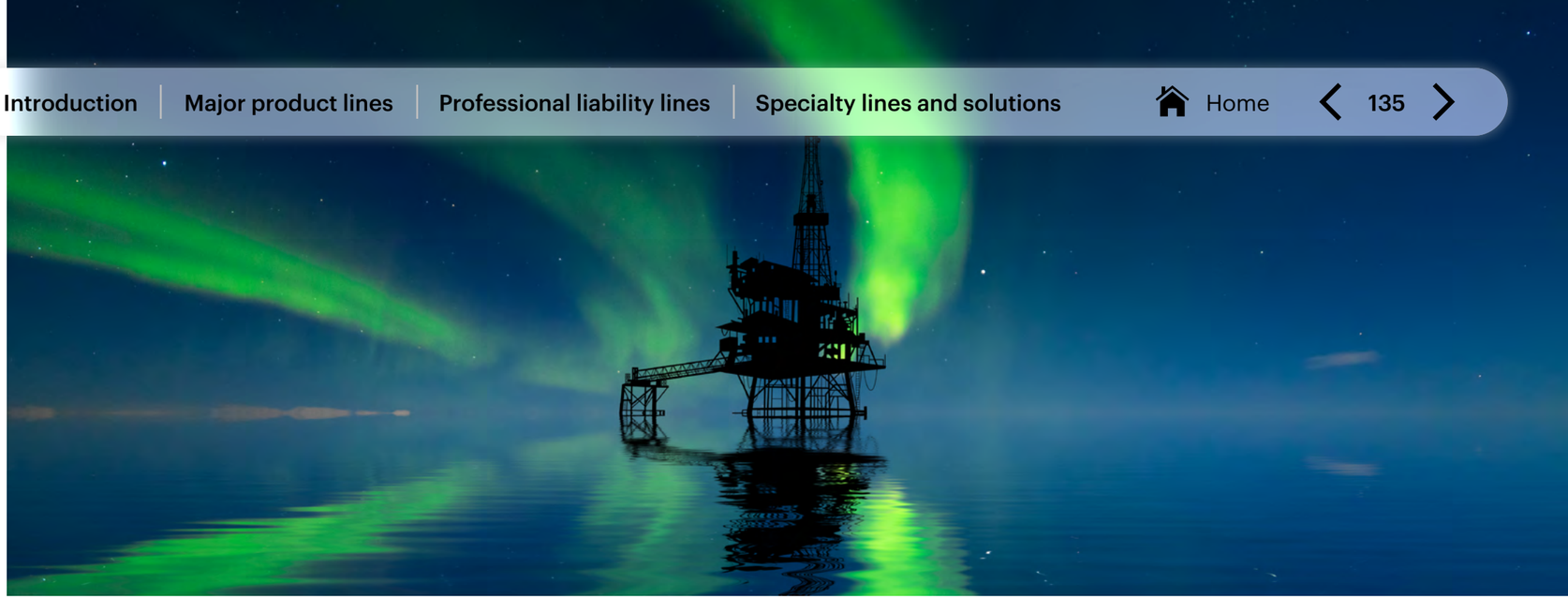
Property

The midstream/downstream property markets enter H1 2026 in a continued softening cycle. Initial attempts at underwriting discipline can be expected, but this will largely be overpowered by competition for market share in the face of another year of growth targets for many insurers. This fierce competition for premium volume in 2026 follows another unprofitable underwriting year in the segment driven largely by losses in the refining sector. However, availability of capacity remains robust, including new capacity in the market with no clear signs of contraction.

Liability

Despite underlying concerns in the alarming uptick in litigated auto and workplace injury claims frequency, capacity (particularly in excess liability) remains robust, with an increase in capacity and appetite now available from the London marketplace, offsetting the decrease in domestic excess liability capacity.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Property

Refining losses were again the primary driver of what was another unprofitable year for the downstream/midstream property market. Should this trend continue, changes to the landscape of available risk transfer could change for refiners in the future.

- 2026 kicked off much like 2025 with another refinery fire in Spain, followed by a notable fire at a large refinery in Port Arthur, TX
- While the refining sector does contribute a large sum of premium into the market, its proportion of the losses is disproportionately contributing to the lack of profitability in recent years
- No perfect correlation exists between most of the refining events of the last several years, but a human error-led trend does appear to be forming as more losses stack up
- Due to the nature of the risk, severity remains a key driver, but the frequency of severe events appears to be increasing with time
- As the lack of profitability is driven by severity and not attritional losses, it's likely that market corrections will come via tightening of capacity through line size reduction or pricing rather than retention levels should a correction in refining occur

Despite the lack of profitability in 2025, capacity continues to be stable, including some growth led largely by broker facilities.

- Willis has partnered with Canopius and Markel to lead two new Willis exclusive facilities, Gemini and Mercury alongside Willis' existing facility Client Edge, to help drive remarkable results for clients
- These facilities allow Willis to further elevate competition for risks
- Increases in competition with user-friendly facility capacity provide a significant point of leverage for Willis
- In addition to these exciting Willis facilities, new capacity is still entering the market alongside interest from many in the market, to increase lines to support premium income in a soft market
- New capacity entering the market includes a previously power and renewables MGA in London now looking to expand into midstream risks and a large Lloyd's syndicate who has recently hired a well-known downstream underwriter to start up a new midstream/downstream portfolio
- Despite some of the challenges presented in this market update, the supply side of the equation remains in the favor of buyers and until the supply side contracts, the market is likely to remain in a soft cycle outside of small adjustments driven by some pockets of underwriter influence and account-by-account differentiation

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

With the boom in AI data centers comes a significant opportunity for companies who can facilitate the supply of gas and new construction brings new opportunities in construction for insurers.

- Insurers see significant opportunities in construction for data center build-out, including the data centers themselves, but also supporting infrastructure like conventional power generation and BESS as well as pipelines and compression to provide gas for these facilities
- These construction opportunities come at an ideal time as the operational market struggles to hold rates and premiums and top-line growth expectations continue for many insurers
- Several markets are now aggressively pursuing construction opportunities with current clients to supplement their premium income and expand client services
- There's increased interest in inclusion of first-year operations in conjunction with upcoming power projects associated with the data center buildouts
- The pursuit of these construction opportunities can be utilized by Willis as differentiators between insurers and leveraged to drive results on operational programs as insurers look to cross-sell and deepen their relationships with clients across both lines
- Several markets are seeking to round out construction underwriting capabilities, which has started a market merry-go-round of talent to fill all the now highly competitive environment for construction underwriters

Uncertainty in the global political environment has put a spotlight on oil and gas, and insurers are struggling to understand what this could mean for their insureds and their short and long-term risks.

- The first quarter of 2026 has brought significant global disruption, including military activity in some areas of the world, which has potentially transformative impacts on the oil and gas space
- Insurers are acutely focused on trying to understand what these global events may mean for their clients across multiple lines of business with a keen eye on property and the potential impact on the client's business and global supply chain
- The disruption in Venezuela has potential to open significant supply of heavy crude, leading to questions from insurers around crude slate and global pricing or feedstock and refined products, while also leading to concerns around potential client investments in a historically volatile area of the world
- The ongoing conflict in Iran and the closing of the Strait of Hormuz has created severe volatility in the pricing for crude and many other commodities. The conflict has also impacted oil and gas assets in neighboring countries, creating concerns about global processing capabilities and long-term pricing volatility
- Clients need to be prepared to provide a thorough explanation of the impacts of these two events on their business, what they can do to reduce the volatility and what this may mean for their businesses in both the short and long term

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Business Interruption (BI) values continue to be a significant concern for insurers, particularly as the global political situation complicates the economics of oil and gas.

- The events in the Middle East and in Venezuela have created increased volatility in a space where insurers already had concerns about the accuracy of exposure data as it relates to business interruption
- Downstream/midstream losses of the last several years have highlighted the opacity of client-reported business interruption values and in some cases, have evidenced a misunderstanding of the exposure
- With BI losses driving a large proportion of many losses in recent years, some reaching far above reported values with a notable few being impacted by volatility clause caps, insurers continue to focus on understanding and properly pricing for BI exposure and volatility
- Evidencing a strong understanding of the calculation methodology and robust exposure review and reporting structure will be key to a successful renewal in 2026 and beyond
- Clients unable to articulate their exposure and reporting methodology may be faced with limitations and restrictions as well as potentially less advantageous renewal pricing due to lack of underwriter confidence
- For clients with BI volatility clauses like the LMA 5515, regimented check-ins with internal finance resources should be considered, potentially including BI value redeclaration to insurers should significant swings in exposure take place
- Willis' brokers and its robust team of forensic accountants can provide guidance on BI reporting and design a structure that will yield the best results

Liability

Auto Liability claims frequency and severity remain a concern across all sectors, continuing to impact Auto Liability and Lead Umbrella pricing and limits offered.

- Despite ten consecutive years of rate increases for primary Auto Liability losses continue to outpace rate increases each year
- Challenging jurisdictions in Texas include Harris County, Midland County and Louisiana remain problematic as well. Clients with operations in these areas will face increased scrutiny as larger awards and settlements are impacting auto liability pricing and lead umbrella limits and pricing can be impacted by clients operating large fleets in these areas
- While the auto-rate increases are forecast to lessen in comparison to prior years, carriers are still seeking rate increases on all accounts in all sectors



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Claims from third-party contractors continue to plague many sectors (particularly upstream, midstream and downstream) despite contractual indemnity structures in place.

- The oilfield services segment continues to see the largest uptick in general liability/excess liability claims due to an increase in severity in both judgments and settlements for workplace injury lawsuits
- "Action-over" lawsuits appear to be increasing from both a frequency standpoint and settlements continue to be paid by Lead Umbrella policies, impacting availability limits from certain carriers
- The increase in the frequency of large demands/ settlements for injuries to hired third-party contractors continues to outpace limits required in master service agreements
- Despite contractual protections such as "knock for knock" indemnity, the concerning increase in settlements for serious injuries or fatalities continues to outpace the limits required by hiring companies, exposing the hiring company's insurance program to claims that historically were protected via robust indemnity agreements
- This is exacerbated by Anti-Indemnity statutes in states such as Louisiana, Texas and New Mexico

Capacity challenges and constraints in the domestic marketplace are being outpaced by available appetite and capacity in the London marketplace.

- Excess capacity in many segments has decreased once again domestically, while London capacity has increased in the first $100 million of programs
- Domestic pricing pressure and rate increases are being tempered by this uptick in capacity and underwriting appetite by the London marketplace
- It's critical that clients highlight auto-safety programs/ driver hiring criteria, contractor limits sought and direct communication with potential liability markets during the marketing process
- Domestic markets, many of whom are still seeking high-single digit rate increases, are feeling pressure from new global capacity, and we predict that this will lead to more stable pricing in 2026 for insureds with clean loss histories
- Certain segments, such as onshore and offshore exploration and production companies, should expect rate decreases in the excess liability marketplace

Contact

Mike Lindsey
Senior Director — Property Broking, Natural Resources
mike.lindsey@wtwco.com

Ryan Medlin
Managing Director — Property Broking, Natural Resources
ryan.medlin@wtwco.com

Austin Sims
Senior Director — Property Broking, Natural Resources
austin.sims@wtwco.com

Blake Koen
Senior Managing Director — Liability Broking, Natural Resources
Global Client Advocate
blake.koen@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Environmental

Rate predictions

Contractors pollution liability (CPL)

flat to 5%

Site pollution liability (PLL/EIL)

flat to +10%

Combined environmental + casualty/professional/excess

+5% to +10%

Key takeaways

Despite the rising frequency and cost of environmental claims, increasing market competition is expected to continue in 2026, sustaining conditions to broaden terms and conditions for new and existing programs.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Markets

2025 concluded with a few markets reverting from dual retail/wholesale distribution to wholesale distribution only. 2026 began with mergers of environmental markets with differing strategies — while remaining and new-entry markets adjusted their capacity/policy term/pricing strategies to maintain profitability in the face of ever-increasing competition.

An ever-changing lineup of carriers continues to offer an all-time high for environmental capacity, creating downward pressure on environmental rates despite the increasing cost of claims.

Even as they face global economic uncertainty, carriers are looking to expand their appetites for environmental coverage to address new client needs.

Layered programs involving multiple carriers for lower-limit programs are gaining appeal with insurers looking to expand capacity, manage rates and expand carrier relationships.

While some investors await better economic certainty, the application of environmental insurance has become even more essential for mergers, acquisitions and real estate transactions.

Products

Emerging exposures and opportunities continue to fuel the creation of new environmental products and the reimagined use of some old ones.

With remediation thresholds for PFAS (per- and polyfluoroalkyl substances) and other GenX chemicals looming closer, PFAS restrictions are now common across most property and casualty lines, although environmental coverage may be secured for companies that can demonstrate de minimus exposure.

Recent moves made by the Environmental Protection Agency (EPA) have signaled a continued interest in carbon capture and storage/sequestration as carbon generators and consolidators look to benefit from the associated 45-Q tax credits.

New developments in risk transfer products or combinations of existing products are being applied to new environmental opportunities, such as carbon sequestration (natural resources) and reps and warranties (M&A).

Ethylene oxide (EtO) continues to emerge as a potential contaminant to watch as recent court rulings find that even permitted emissions may not override the pollution exclusions of standard casualty markets.

Claims

In 2026, clients should look to enhance their environmental incident reporting protocols and expense documentation to potentially improve claim outcomes.

Rising remediation costs and the potential for multi-coverage claims (environmental, property, general liability) have moved carriers to take a more active role earlier in the claim process to mitigate losses.

Major losses arising from ancillary environmental coverages, such as transportation and non-owned locations/disposal sites, serve as a reminder of the importance of these coverages.

Despite recent claims for Legionella across the U.S. in 2025, carriers continue to offer affirmative coverage for indoor air quality (IAQ) issues, including mold and Legionella, but many employ various underwriting tools (class of business, named peril, per-door deductibles) to mitigate their exposures.

Clients are experiencing regulator-driven PFAS claims arising from expanded monitoring beyond a location's original contaminants of concern — creating possible consequences for both active and closed cleanup sites.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Construction

Environmental exposures in the construction industry persist and are expanding.

An uncertain regulatory environment and economy have resulted in heightened underwriting scrutiny around property transactions or locations intending to expand or modify their operations. Review of future intended use and redevelopment plans for covered locations may be required.

Excessive siltation and stormwater exposures continue to yield large pollution claims for new construction projects — even clean energy projects (solar and wind) have proven susceptible to these exposures.

Carriers are expanding their product suite to include contractors pollution and professional products (for general contractors) and others are also further sharing their aggregate limits with monoline site exposures on the same form.

Redevelopment-related claims arising from preexisting conditions, soil and water management and voluntary site investigations are commonplace.

PFAS restrictions are now encountered on construction-related programs depending on the contractor's exposure.

Contact

Brian McBride
Head of Environmental Broking
brian.mcbride@wtwco.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Healthcare professional liability

Rate predictions

Overall healthcare professional liability
+5% to +15%

Allied Health
+5% to +15%

Hospital professional/excess

- Lead excess
  +5% to +15%
- Higher excess
  +20% to +30%
- Higher severity venues
  >+30%

Managed care E&O
0% to +5%

Physicians' professional liability
+5% to +15%

Senior living
+5% to +20%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Healthcare Professional Liability

Key takeaways

- **Market engagement:** WTW brokers and management continue active engagement with Newfront on healthcare opportunities
- **Outlier/nuclear verdicts:** The average of the top 50 medical malpractice verdicts rose from $32 million in 2022 to $56 million in 2024 — a 75% increase[1]
- **Thermonuclear verdicts:** As of January 2026, at least two medical professional liability verdicts exceeded $100 million[2]
- **Sexual abuse claims:** Although only an estimated 5% to 10% of incidents are reported[3], claim severity continues to increase
  - Insurers are responding with sub-limits, higher deductibles, advanced retroactive dates and exclusions, driving growth in the standalone market. WTW brokers are actively marketing placements to preserve coverage and have sourced up to $10 million in standalone limits across multiple markets.
- **Underwriting discipline:** Carriers are prioritizing pricing integrity over premium growth and long-term relationships
- **Capacity contraction:** Many established carriers have reduced available limits from $15 million to $5 million or less
  - WTW's brokers are aggressively marketing placements to mitigate the impact of these reductions, including utilization of new Gemini capacity and WTW's automatic follow-form facility.
- **Reinsurer influence:** Reinsurers continue to drive rate increases and program structure changes, adding complexity to negotiations

1. Kyoung son Song, "Nuclear medmal verdicts: Is $50mn the new $25mn?," Insurance Insider, February 24, 2025
2. Wendy Ketner, M.D., "The Biggest Medical Malpractice Verdicts of 2025," Expert Institute, January 21, 2026
3. "Responding to Sexual Abuse in Health Care: Development of a Guide for Patients," National Library of Medicine, April 18, 2022

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Healthcare Professional Liability

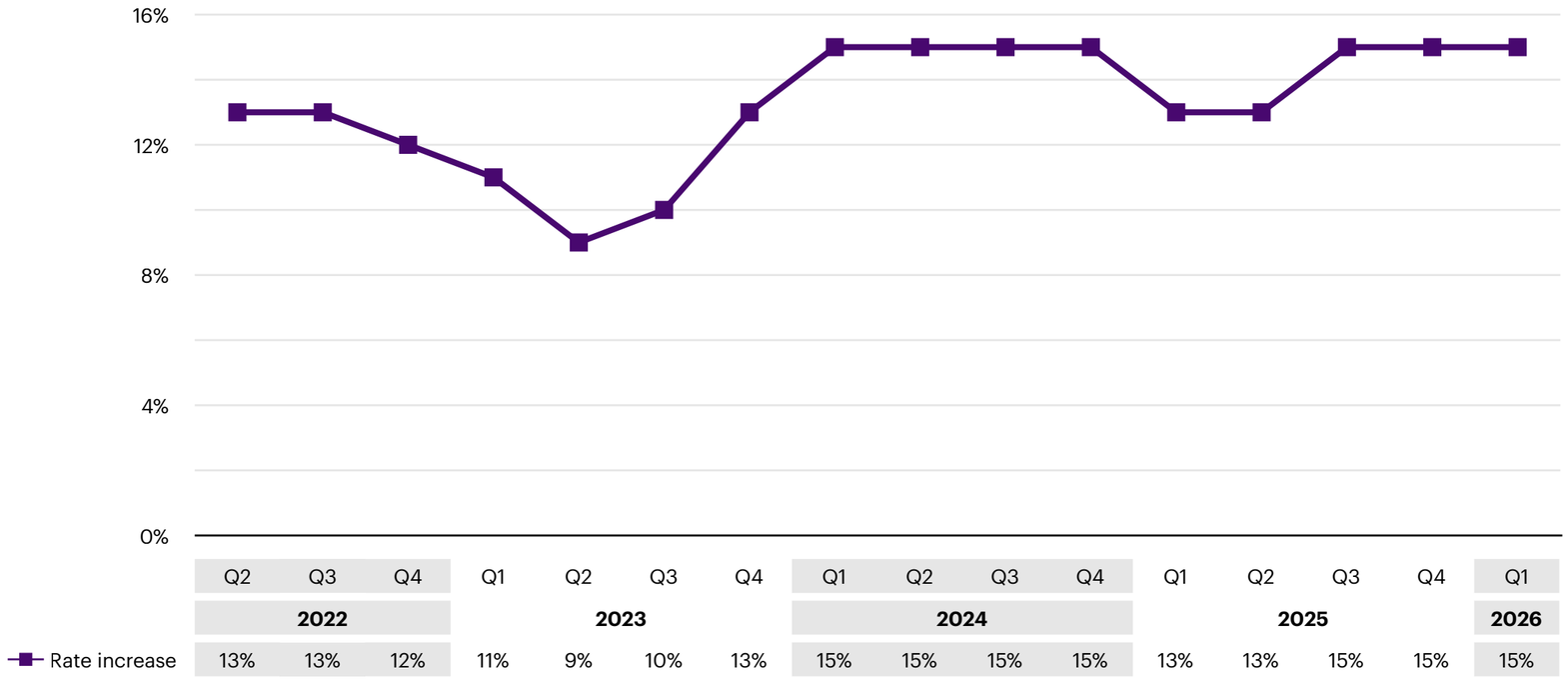
Key takeaways (continued)

- **Third-party litigation funding:** Investor-backed claims are associated with a 60.5% increase in payouts, 140% longer resolution times and a 35.7% reduction in settlement likelihood[4]
- **Digital transformation:** Nearly $1 trillion in healthcare spending is shifting toward digital-first models,[5] including telemedicine, remote monitoring and AI-enabled workflows
  - Organizations must manage licensure, cybersecurity, privacy and clinical oversight risks as insurers continue to develop products to address these exposures
- **Artificial intelligence:** AI adoption across clinical decisions, documentation and billing functions continues to expand
  - Readiness assessments are critical to mitigate litigation and regulatory risks[6]
- **Cyber and biometric data risk:** Healthcare remains the most targeted sector for ransomware attacks, with demands now routinely exceeding $10 million[7]

4. Nick Polavin, PHD and David Metz,"Go Sue Me: The Broken Promises of Third-Party Litigation Funding," IMS Legal Strategies, February 15, 2024
5. "From breaking point to breakthrough: the $1 trillion opportunity to reinvent healthcare," PwC, September 17, 2025
6. "TDC Group Forecasts Key US Healthcare Trends Through 2026," Captive.com, February 19, 2026
7. Jacob Fox,"Healthcare Data Breach Statistics: 2025 Roundup," Cobalt, October 2, 2025

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Renewal pricing trends – healthcare professional liability
Quarterly average rate increases (2022 – 2026)



	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022			2023				2024				2025				2026
Rate increase	13%	13%	12%	11%	9%	10%	13%	15%	15%	15%	15%	13%	13%	15%	15%	15%

Contact

Michael Faralli
Healthcare Broking Leader, North America
michael.faralli@wtwco.com

Joanne Kowalczyk
Healthcare Senior Placement Specialist
joanne.kowalczyk@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Managed Care E&O, D&O and Cyber

Rate predictions

Public MCOs
- E&O: up to +5%
- D&O: flat to +3%

Blue plans
- E&O: up to +5%
- D&O: up to +7.5%

Hybrid entities
(Accountable care organizations, third-party administrators, management service organizations, revenue cycle management, etc.)
- E&O: up to +10%
- D&O: up to +10%

All other MCOs
- E&O: flat to +5%
- D&O: flat to +5%

Private company, other lines of business
- EPL: flat to +5%
- Fiduciary: flat to +5%
- Crime: flat to +5%
- Cyber: –5% to +5%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Managed Care E&O, D&O and Cyber

Key takeaways

The managed care errors and omissions (E&O) and directors and officers liability (D&O) markets remain relatively stable, with carriers generally maintaining flat to modest rate increases. However, entities with limited access to primary markets, including third-party administrators (TPAs) and pharmacy benefit managers (PBMs), continue to encounter elevated pricing and tighter coverage conditions.

From a market perspective, systemic risks — including the MultiPlan antitrust litigation, emerging and unexpected litigation trends, nuclear bodily injury claims, behavioral health claims, use of artificial intelligence and ongoing regulatory scrutiny — remain top of mind for insurers. These dynamics continue to reinforce a cautious underwriting posture, driving the sustained use of coverage restrictions across many organizations.

Additional pressures are stemming from broader macroeconomic conditions, shifting federal and state healthcare policies and longer-term considerations such as climate change, ESG factors, inflation and political uncertainty. While organizations that present strong underwriting profiles may achieve more competitive pricing outcomes, coverage terms and conditions remain largely consistent across the market.

Overall, the public company D&O market is trending toward flat renewals, with modest increases in some cases. For companies presenting heightened risk — such as those with recent claims activity, M&A transactions or significant market cap growth — insurers are seeking premium increases. By contrast, the private company D&O market remains competitive.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Cyber liability market trends

Premium stabilization continues, which has led to slight premium increases to follow clients' revenues and exposures.

Improvements in cybersecurity practices among policyholders have contributed to reducing vulnerabilities that could lead to losses, thus bolstering insurer results. Underwriting decisions are heavily influenced by the security controls a company has in place in conjunction with pricing and attachment points. Underwriters are closely evaluating vendor risks and are also asking proactive questions surrounding use of artificial intelligence.

Competition is strong among markets, certain risks may receive multiple quotes and incumbents are eager to retain business. Increased limit factors (ILFs) have come down in excess placements due to intense competition, especially on large towers, where there have been significant premium decreases. Capacity is plentiful in the market, partially thanks to new facilities able to provide significant excess capacity with flexibility to be deployed anywhere on a program above the primary layer.

Managed care E&O coverage restrictions and market dynamics

Significant risks continue to drive coverage limitations across the marketplace.

- **Retention and coinsurance adjustments:** Some carriers continue to increase retentions, apply coinsurance and sub-limit coverage — particularly around antitrust and regulatory exposures. Regulatory retentions are under close watch due to ongoing political and legislative uncertainty at both federal and state levels
- **Narrowed claim language and exclusions:** Related claim language has narrowed considerably, with manuscript exclusions increasingly applied to prior industry claims
- **Exclusions:** Association and cyber exclusions remain common and MultiPlan out-of-network exclusions are emerging, while PBM policies are seeing added exclusions for rebates, opioids and other emerging risks
- **Challenging risk profiles:** Coverage remains difficult to secure for PBMs, TPAs, entities involved in value-based contracting from the provider side, revenue cycle management, medical services management and other hybrid risks — especially those with bodily injury exposure. Limited market capacity and restrictive terms persist
- **Carrier requirements and coverage structure issues:** Some insurers require participation in managed care E&O to offer D&O/management liability policies. This can lead to anti-stacking concerns and complications with rate and capacity in larger insurance towers
- **Strategic risk transfer planning:** Risk transfer programs must be carefully coordinated across all coverage lines to minimize gaps and avoid restrictive terms
- **Artificial intelligence:** Carriers are seeking clarity on organizations' use of AI, with a specific focus on utilization review and coverage denial practices
- **Reinsurance impact:** Reinsurance continues to influence both coverage availability and capacity in this space
- **Alternative risk financing:** Use of captives and other alternative solutions has slowed as market conditions improve. Fronted programs are emerging as a viable alternative to traditional captive structures
- **Carrier landscape:** No new domestic managed care E&O capacity has entered the market with no carriers exiting. Offshore carrier activity remains unchanged
- **Noncore business diversification:** Expansion into noncore areas is contributing to increased risk and coverage limitations

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Key litigation

NSA developments

New Jersey federal courts appear united in dismissing attempts to enforce IDR awards under the No Surprises Act, rejecting the claims for lack of a right of action.[1] Providers have since begun filing in state court, but these cases are being removed to federal court, and some payors are fighting back affirmatively, asserting abuse of the NSA process by knowingly submitting claims to IDR that do not qualify.[2]

Medicare Star Ratings litigation

CMS scores a win in defending its Medicare Star Ratings calculations, particularly on case-mix adjustments and the national average comparison.[3] In 2025, Medicare plans challenging their Star Ratings only obtained relief in one out of six reported cases, compared to finding success in all three decisions from 2024. The increase in Star Ratings litigation appears to be a trend, as only one case was reported prior to 2024.

Section 1557 discrimination claims

Cases asserting discrimination in plan design continue to make their way through the courts. The Fourth Circuit ruled West Virginia did not unlawfully discriminate on the basis of sex by including a blanket exclusion on gender affirming care in its Medicaid coverage[4]. In Connecticut, a district court granted the plaintiff class an injunction against the use of Aetna Clinical Policy Bulletin 0615 regarding facial feminization surgery (FFS), finding that plaintiffs were likely to succeed in arguing that the exclusion of FFS as cosmetic was unlawful sex discrimination in violation of Section 1557 of the ACA[5].

Contact

Jonathan M. Herman
Managing Member, Herman Law Firm
jherman@herman-lawfirm.com

Kathy Kunigiel
Senior Managed Care E&O Placement Specialist
kathy.kunigiel@wtwco.com

Disclaimer
This article may contain information or materials created or provided by third parties over whom Willis Towers Watson has no control or responsibility. These third-party information or materials are not under Willis Towers Watson's control, and Willis Towers Watson is not responsible for the accuracy, copyright compliance, legality, or any other aspect of such third-party information or materials. The inclusion of such third-party information or materials does not imply endorsement of any third parties by Willis Towers Watson or any association of Willis Towers Watson with any third parties.

1. Neurospine Plus, LLC v. Aetna, USDC D NJ, No. 2:25-cv-3022-EP-CF, 2026 WL 50138, (Jan. 7, 2026)
2. Anthem Blue Cross Life and Health Insurance Company, a California Corporation, et al. v. Prime HealthCare Services - St. Francis, LLC, et al., U.S.D.C. C.D. CA, Doc. No. 8:26-cv-23, (filed Jan. 5, 2026)
3. Blue Cross and Blue Shield of Massachusetts, Inc. v. Kennedy, Jr., et al., 808 F.Supp.3d 139 (D. MA Nov. 3, 2025)
4. Anderson v. Crouch, No. 22-1927, --- F.4th ---, 2026 WL 667919, (4th Cir. Mar. 10, 2026)
5. Gordon, et al. v. Aetna Life Ins. Co., No. 3:24-cv-1447, 2026 WL 643134, (D. CT Mar. 8, 2026)

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Marine Cargo

Rate predictions

Marine cargo and stock throughput

–7.5% to –15%
(Favorable risks)

–2.5% to –7.5%
(Challenging risks)

1. The marine cargo and stock throughput insurance market remains highly competitive

Marine cargo and stock throughput rates remain incredibly soft, with well-performing programs typically enjoying rate reductions of 7.5% to 15% or more when marketed at renewal. Challenging risks and accounts with adverse loss experience will draw some underwriting scrutiny; however rate reductions are generally still available except in extreme cases.

Capacity remains incredibly robust, as most markets are competing for market share and top-line growth. In many cases, insurers are entertaining larger line sizes and increased total limit deployment compared to the past five years. Carriers are actively looking to underwrite more stock throughput risks than in recent years.

Most of the coverage tightening observed throughout the recent hard-market cycle has reversed, with increased flexibility from insurers and broad acceptance of broker manuscript policy terms and conditions. However, insurers continue to scrutinize exposures to geopolitical and war risk and tend to require geographic exclusions for those exposures.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

2. Effects of the Iran war on the marine cargo insurance marketplace

Recent escalations in the Middle East have materially increased war related risks across key energy and trade corridors, most notably the Strait of Hormuz and the Persian Gulf. Cargo underwriters have responded through the application of a war risks notice of cancellation and subsequent “re-pricing” of war risks coverage.

Unfortunately, heightened tensions in the region have also caused steamship lines to reconsider their plans to resume shipments through the Suez Canal, resulting in increased exposure to delay, deterioration and contingent business interruption risks as supply chains are rerouted and transit times lengthen.

3. Looking forward

Marine insurers will keep a keen eye on regional geo-political conflicts, as further escalation will have a profound effect on global trade and war risk factors affecting ocean shipments. However, 2025 underwriting year profitability and mild catastrophe (CAT) peril activity (specifically, historically low hurricane losses), have perhaps thwarted a market over-correction thus far in 2026.

Based upon recent capital investment in the marine insurance marketplace, soft pricing conditions will continue barring sustained unprofitability or a series of significant catastrophe (CAT) events impacting key supply chain/inventory hubs.

Contact

Chris Gambini
Head of Cargo & Logistics, North America
christopher.gambini@wtwco.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Marine Hull and Liability

Rate predictions

Hull and machinery
–2.5% to –7.5%

Protection and indemnity (IGA)
+5% to +7.5%

Protection and indemnity (commercial mkt)
flat to –5%

Marine liabilities
–2.5% to –7.5%

Bumbershoot/excess liabilities
flat to –5%

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Rate trends

	2023 Q1/2	2023 Q3/4	2024 Q1/2	2024 Q3/4	2025 Q1/2	2025 Q3/4
Hull	6.25%	3.75%	1.25%	1.25%	0%	–2.5%
Mutual P&I	7.50%	7%	5%	+5%	5%	+3.75%
Commercial P&I	7.50%	6.50%	6.25%	6%	5%	0%
Primary marine liability	7.50%	7.50%	6%	5%	2.5%	0%
Excess marine liability	12.50%	10.50%	10%	7.5%	7.5%	2.5%

Key takeaways

Over the past 18 to 24 months, the marine insurance market has been trending toward a softer cycle, driven by new entrants, increased capacity and competitive pressure among carriers. Rate reductions and broader terms were becoming more common, creating a favorable environment for buyers.

However, that trajectory has been abruptly disrupted by recent geopolitical developments, most notably escalating tensions involving Iran and instability in the Strait of Hormuz. These events have reintroduced systemic risk into the market almost overnight.

We are now operating in a bifurcated environment. Standard, non-exposed trading risks continue to benefit from competitive conditions, while any exposure tied to geopolitical hotspots is being aggressively repriced or restricted.

The key takeaway is that this is no longer a traditional insurance cycle. Market behavior is being driven less by underwriting competition and more by capital preservation, aggregation concerns and geopolitical uncertainty.

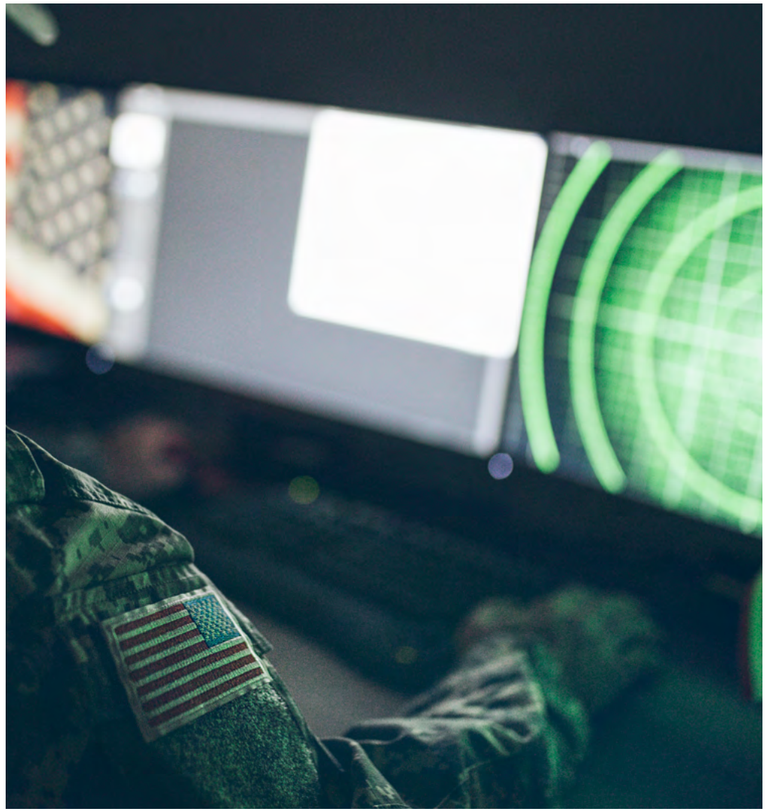
The Strait of Hormuz remains one of the most critical chokepoints in global trade, with approximately 20% of the world's oil supply transiting through it. Any disruption in this region has immediate and far-reaching implications across energy markets, shipping routes and insurance pricing.

Recent attacks, threats and heightened military activity have significantly reduced vessel traffic and forced operators to reconsider routing decisions. This has introduced both operational and financial strain across the supply chain.

From an insurance standpoint, war risk premiums have increased materially, in some cases multiple times over prior levels on a per-voyage basis. In parallel, certain insurers have either withdrawn capacity or are deploying it in a much more limited and selective manner.

The implication is that while insurance may still be available, it is not always economically viable. The limiting factor is no longer just capacity, but the willingness of capital providers to absorb highly correlated geopolitical risk.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



War Risks is no longer a specialty line — it's a core

Historically, war risk was treated as a specialized add-on to marine programs, often carved out and managed separately from core coverages. That distinction is no longer valid in today's environment.

War-related exposures are now directly influencing hull, P&I, cargo and broader marine liability placements. The interconnected nature of global trade means that a single geopolitical event can trigger multiple lines simultaneously.

In response, the Joint War Committee continues to expand designated high-risk areas, and underwriters are increasingly moving toward short-term or voyage-specific pricing mechanisms to manage exposure dynamically.

The broader implication is that war risk is now a central driver of the total cost of risk. It must be actively integrated into program design and not treated as a peripheral consideration.

The Jones Act Waiver

The recent Jones Act waiver introduces a meaningful, albeit temporary, shift in the U.S. maritime landscape by allowing foreign-flagged vessels to participate in domestic trade.

In the short term, this increases available capacity and helps alleviate supply chain bottlenecks, particularly in energy and bulk commodity movements.

However, the longer-term implications are more complex. U.S. flag operators may face competitive pressure, and the overall risk profile of domestic trade becomes more diverse as new operators, vessels and standards are introduced.

From an insurance perspective, this represents a redistribution of risk across fleets, jurisdictions and regulatory frameworks. Programs that were historically stable may now be exposed to new variables that require reassessment.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



The Marine marketplace

The marine insurance market is currently exhibiting split conditions depending on exposure profile.

For **Hull and P&I**, risks with limited geopolitical exposure are still benefiting from stable or slightly improving rate conditions. However, any exposure to high-risk regions is subject to volatility and upward pressure on pricing.

Specific to **IGA Protection & Indemnity** and post February 20th renewal, the International Group of P&I Clubs market has come through the 2026 renewal with capital stability intact, but with clear signs of underlying underwriting pressure emerging over the prior financial year. The market moved from a combined ratio of 96% to 111% in 2024/25, driven by a 25.3% increase in net incurred claims and a reversion to more typical levels of large pool losses. While investment income of ($640 million) offset underwriting losses and supported a modest increase in free reserves, this masked a weakening in relative financial strength when measured against both entered tonnage and claims development. The renewal itself reflected these dynamics, with general increases broadly in the 5% to 8% range, although outcomes varied meaningfully by club, loss experience and risk profile, reinforcing the growing divergence in underwriting performance across the group. Since renewal, the operating environment has become more complex, with heightened geopolitical tensions — particularly in the Middle East and Strait of Hormuz — introducing additional considerations around crew exposure, sanctions and multi-jurisdictional liability. In this context, the P&I market should be viewed as financially resilient but increasingly sensitive to volatility, where future outcomes will be driven less by traditional market cycle dynamics and more by exposure management, club strength and the ability to navigate large losses and geopolitical risk.

In **marine liability** lines, including ports, terminals and logistics operators, the market has continued to transition from the hardening cycle seen post-2019 into a more stable and increasingly competitive environment. Following rate increases through 2024, momentum through 2025 saw pricing flatten for well-performing risks, with renewals largely driven by individual account performance rather than broad market-wide adjustments. This shift has been supported by a continued influx of capacity, including new entrants and MGAs in the London market, alongside underwriting teams seeking growth, which has driven more competitive behavior, particularly for clean, well-managed portfolios. For ports and terminals specifically, rates have moved from mid-single-digit increases in late 2024 to largely flat renewals and in some cases modest reductions, reflecting both a benign natural catastrophe environment and increased market competition. However, while headline pricing remains competitive, the underwriting

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

focus has evolved. Insurers are increasingly scrutinizing aggregation exposure, particularly across port clusters, logistics networks and critical infrastructure, as well as the potential for correlated loss events driven by a combination of catastrophe, supply chain disruption and geopolitical instability. In the U.S., social inflation and litigation trends continue to apply upward pressure on pricing relative to other regions. As a result, while the market outwardly reflects stable to soft conditions, there is a clear shift toward more selective underwriting, with a greater emphasis on exposure quality, risk concentration and structural clarity within programs.

What underwriters are actually thinking

The underwriting mindset has shifted significantly. The primary question is no longer centered on premium adequacy alone, but on how a given risk impacts overall portfolio volatility.

Key areas of focus include geographic aggregation, exposure to chokepoints and the potential for correlated loss events that span multiple lines of business.

Underwriters are also increasingly constrained by internal capital models and reinsurance structures, which influence how and where they deploy capacity.

The net effect is that while capacity still exists in the market, it is being deployed far more selectively. Well-structured, clearly articulated risks will receive support, while poorly defined exposures may struggle to attract meaningful capacity.

What's important to realize

The **first priority** is to clarify ownership of risk across the program. This involves eliminating overlap between policies and clearly defining how coverage is intended to respond in different scenarios.

Second, insurance purchasing should be aligned to volatility rather than habits. This means retaining predictable losses where appropriate and deploying insurance capital where it provides the most value.

Third, risk needs to be positioned effectively for the market. A clean structure, supported by a clear narrative and evidence of risk control, will drive better underwriting engagement and more favorable outcomes.

The market rewards discipline

In today's environment, access to insurance markets is not the differentiating factor. Most organizations can access capacity.

The differentiator is the ability to structure and present risk in a way that aligns with how capital providers think about volatility, aggregation and return.

Organizations that approach this with discipline, clarity and strategic intent will achieve better outcomes than those relying on traditional renewal processes.

This is ultimately a shift from buying insurance to actively managing risk as a component of a broader capital strategy.

Contact

Christopher Maro
Managing Director - Head of Commercial Growth and Strategy, NA Marine
chris.maro@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Personal Lines

Rate predictions

United States

Homes
+8% to 20%

Auto
+4% to 15%

Personal umbrella liability
+14% to +18%

Cat-exposed homes
+20% or greater, often with coverage limitations and targeted non-renewals

Cat-exposed homes with losses
+100% or greater, with a high likelihood of non-renewal

Canada

Homes
+7% to +25%
Best-in-class risks are seeing the lower end of the range, while older homes and higher-exposure properties trend higher

Cat-exposed homes
~+30%, often with coverage restrictions or non-renewal

Hard-to-place risks
Limited market options and increased non-renewal activity

Auto
~2 – 5%
for most drivers with higher pressure on high-theft autos and loss-heavy regions; auto reform will reshape loss outcomes.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Personal Lines

Key takeaways

- **Market stabilizing with moderating rates:** Personal lines pricing increases persist (homes +8 – 20%, auto +4 – 15%, umbrella +14 – 18%) but are slowing as capacity gradually improves and renewals become more predictable
- **Climate risk reshaping underwriting nationwide:** Climate-driven losses now extend beyond traditional high-risk zones, prompting insurers to require tangible mitigation measures (water shut-offs, leak detection, roof upgrades, wildfire defensible space) as coverage conditions
- **E&S markets expanding for difficult placements:** Excess and surplus capacity is growing for homes with prior losses or catastrophe exposure, while elevated reinsurance costs continue flowing through to retail pricing
- **Canadian auto reform and emerging cyber coverage:** Alberta and Ontario regulatory changes will restructure auto coverage with optional benefits, while personal cyber insurance gains traction among high-net-worth households

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

United States

Pricing environment: Elevated but becoming more predictable: While homeowners' insurance rates continue to rise, especially in regions exposed to natural catastrophes, there are early signs of stabilization in parts of the U.S. market. Insurers are gradually increasing capacity as profitability improves and underwriting conditions become more favorable. In standard risk segments, rate increases remain in the mid-teens, but the pace is beginning to slow, and renewals may become more predictable. High-risk homes; however, still face steeper adjustments. Overall, the market is showing incremental progress toward greater capacity and rate moderation, although volatility persists in areas vulnerable to severe weather and other catastrophic exposures.

Auto-insurance rate increases are moderating as carrier profitability improves, resulting in more stable renewal outcomes.

Personal umbrella and excess liability remain under pressure due to rising claim severity and litigation trends, with double-digit increases continuing, especially for higher limits and complex risks.

Underwriting discipline remains a defining feature: Carriers are cautiously re-entering select markets, supported by enhanced data and analytics.

Increased reliance on aerial imagery, geospatial tools and AI-driven modeling is refining risk selection.

Coverage restrictions, higher deductibles and non-renewals persist in wildfire, hurricane and severe-storm-exposed regions.

Climate volatility continues to influence the market: Wildfires, hurricanes and severe convective storms remain a primary driver of pricing and underwriting decisions.

Convective storm losses have expanded beyond traditional geographic zones, broadening the scope of risk assessment nationwide.

Claims severity driven by repair and rebuild costs: Auto-claims remain impacted by higher vehicle parts costs, advanced sensor technology and skilled labor shortages.

Homeowners' claims continue to reflect elevated construction material and labor costs, increasing total insured values and loss severity.

Similar to Canada, water damage claims continue to be a major driver of loss activity in the U.S. Focusing on prevention is key.

Liability trends and legal environment: Larger jury awards and expanding liability interpretations continue to drive social inflation.

Auto-liability and personal umbrella lines remain under pressure, particularly for high-limit programs and higher-profile insureds.

Reinsurance costs and capacity considerations: Elevated reinsurance costs driven by catastrophe losses continue to flow through to retail pricing. Insurers are balancing growth with capital preservation, reinforcing underwriting discipline.

Growth of alternative and non-standard solutions: Excess & Surplus (E&S) markets continue to play a critical role for homes with prior losses, catastrophe exposure or non-renewals.

New entrants and expanded capacity are improving options for hard-to-place risks.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Risk mitigation as a core requirement: Insurers are increasingly requiring tangible mitigation measures, including:

- Automatic water shut-off devices
- Low-temperature and leak detection alarms
- Roof replacements for aging homes
- Wildfire defensible space and vegetation management

Technology and changing consumer behavior: Consumers continue to shop and compare insurance more actively, driven by digital convenience and price sensitivity.

Insurers are investing in personalization, improved digital journeys and faster underwriting decisions.

Growing awareness of personal cyber risk: Personal cyber coverage is gaining traction, particularly among high-net-worth households. Pricing is stabilizing, though underwriting requirements are becoming more defined.

Market tone and outlook: The market is transitioning from aggressive corrective action to more strategic growth and retention.

While challenges remain, pricing volatility is easing and capacity is gradually improving.

Canada

Pricing environment: Elevated but becoming more predictable: Personal insurance pricing has stabilized relative to prior years, though increases persist for higher-risk properties and older homes. While parts of the Canadian personal insurance market have stabilized relative to prior years, some carriers continue to face elevated loss costs and reinsurance pressures. As a result, we're still seeing double-digit increases in segments.

Auto insurance reform in Alberta and Ontario will reshape how coverage is structured and priced. A key element of these reforms is the removal of certain standard benefits from the base policy, giving consumers the option to purchase them separately. Insurers are closely watching how these changes affect claims behaviour and litigation trends.

Personal liability pricing remains relatively stable, supported by a less litigious environment than the U.S., though underlying pressures are building.

Underwriting discipline remains a defining feature: Underwriting remains disciplined, with a selective appetite for older homes, secondary residences and high-exposure regions.

Insurers are increasingly data-driven, using improved property-level information to support underwriting decisions.

While capacity is generally available, expectations around risk quality and mitigation are rising.

Climate volatility continues to influence the market: Water damage, wildfires and severe weather losses are becoming more frequent across a wider range of regions.

Climate-driven losses are no longer confined to historically high-risk areas, influencing underwriting across suburban and urban markets alike.

Claims severity driven by repair and rebuild costs: Rebuild costs remain elevated due to inflation in materials and labor. Water damage claims continue to be a major driver of loss activity, reinforcing insurers focus on prevention.

Liability trends and legal environment: While Canada continues to benefit from a more controlled litigation environment, liability trends are rising.

With upcoming auto reforms reducing standard accident benefits, there is growing concern that tort claims may increase, particularly as injured parties pursue liability

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

claims to recover uninsured expenses. Early indicators include increased marketing activity by personal injury law firms in advance of the reforms.

Reinsurance costs and capacity considerations: Reinsurance pressures are present but more muted than in the U.S. Insurers remain well-capitalized, supporting market stability while maintaining selective underwriting.

Growth of alternative and non-standard solutions: Alternative placement solutions are increasingly used for higher-risk or unique exposures that standard insurers are unwilling or unable to underwrite due to loss history, exposure profile, location or construction type. In the Canadian personal lines market, these risks are typically placed through third party Managing General Agents (MGA's), which provide access to insurer capacity for exposures that fall outside standard underwriting guidelines.

Risk mitigation as a core requirement: Mitigation expectations are similarly increasing, with common requirements such as:

- Automatic water shut-off devices
- Backwater valves for sewer backup protection
- Fire-resistant construction and defensible space in wildfire-prone regions

Across both markets, mitigation is now foundational to insurability.

Technology and changing consumer behavior: Insurers are investing heavily in technology to simplify a complex, highly regulated product.

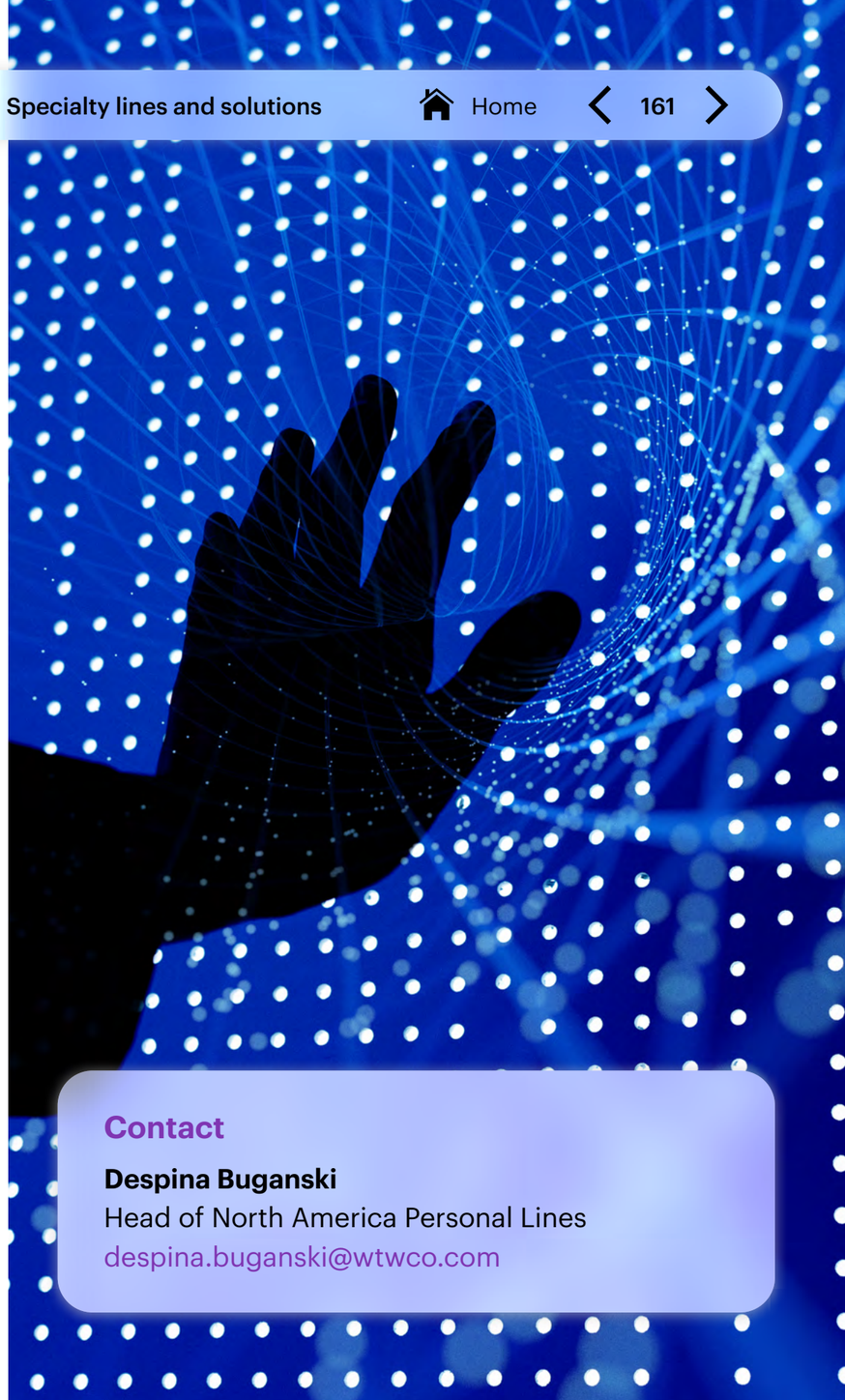
Focus areas include clearer communication, faster quoting and reduced friction from quote to bind.

Growing awareness of personal cyber risk: Awareness of household cyber risk is increasing, with insurers encouraging broader adoption of personal cyber protection.

Coverage remains accessible, with a growing emphasis on risk controls.

Market tone and outlook: The market remains well-capitalized and generally stable, but conditions vary by segment.

While many clients are experiencing more predictable renewals, insurers are placing greater emphasis on risk quality, resilience and accurate valuations, reinforcing the importance of proactive risk management.



Contact

Despina Buganski
Head of North America Personal Lines
despina.buganski@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Political Risk

Rate predictions

Political risk insurance (equity and assets)

0 to 5%
Traditional programs

20 to 30%
Gulf countries

Trade disruption insurance (transit route disruption)

+5%

Contract frustration insurance (sovereign nonpayment)

0 to 5%

Key takeaways

2026 has been an eventful year for the political risk and trade disruption market. Entering the year, the market was broadly trending toward stability and slight softening (country specific) given new capacity, new entrants and sustained competition. Loss experience — while elevated in certain regions — had been absorbed without creating systemic capital impairment.

That trajectory has the potential to shift materially.

Escalating tensions involving Iran and the Middle East, the ongoing Russia–Ukraine war, intensifying geopolitical competition between major powers, and renewed state intervention in strategic sectors have reintroduced systemic and correlated risk into political risk portfolios. Political risk, when it crystallizes, rarely does so in isolation.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Political Risk

Key takeaways (continuation)

Developments in Venezuela earlier this year didn't result in insured loss, but clearly illustrated how rapidly sanctions posture, licensing regimes and operating assumptions can change — re-introducing uncertainty over weeks rather than years. At the same time, these developments demonstrated that political change can create both risk and opportunity, with renewed energy-sector interest highlighting how markets may reopen even as uncertainty remains elevated.

Today's environment is shaped by a combination of highly visible "grey rhinos" and genuinely unforeseen shocks, with the most material impacts often driven by second- and third-order ripple effects across trade, finance and capital flows.

This dynamic exists alongside persistent China–Taiwan tensions, expanding Russian grey-zone aggression across Europe, ideological and policy transmission risk in West Africa, rising volatility across Latin America and uncertainty surrounding U.S. foreign policy direction under a second Trump administration.

The result is a clearly bifurcated political risk market. Standard, diversified, non-sensitive risks continue to benefit from competitive conditions, while exposures tied to geopolitical flashpoints, sovereign leverage, strategic commodities, or critical trade corridors are being selectively repriced, constrained or more tightly structured.

This is no longer a traditional insurance cycle. Market behavior is driven less by underwriting competition and more by capital preservation, aggregation management and geopolitical uncertainty.

With that said, the political risk market remains remarkably resilient and robust. Capital levels are sound, underwriting expertise remains deep and both private and public markets continue to support new business. Unlike previous hardening cycles driven by systemic loss, today's market reflects disciplined selectivity rather than structural withdrawal.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Strategic trade corridors and chokepoints

Strategic trade corridors are now central to political risk and trade disruption underwriting, with the Strait of Hormuz representing the most acute aggregation exposure globally.

Approximately 20% of global oil and LNG flows transit the Strait. While a full, sustained closure remains a low-frequency scenario, underwriters are increasingly focused on partial disruption mechanisms — including heightened inspections, sanctions escalation, rerouting mandates, regulatory intervention or insurer-driven withdrawal of cover — that can generate effects comparable to physical blockage. In addition to energy supplies, the Strait is a critical corridor to many other commodities, including fertilizer, aluminum and inputs like nitrogen and sulfur. The result may have ripple effects felt as far as Asia, in which energy shortages are resulting in shorter work weeks in some countries.

Over the last 6 – 12 months, similar dynamics have been observed in the Red Sea, Eastern Europe and key East Asian shipping lanes, reinforcing that disruption today is often driven by policy response, market reaction and insurance availability, rather than by physical loss alone.

The de facto closure of the Strait of Hormuz is one of the clearest examples of trade disruption. Companies may not suffer physical damage, but are unable to get their goods to customers (or obtain raw materials) and suffer loss of profits as well as increased costs from re-routing shipping corridor, alternative suppliers, contractual penalties or all three.

Political risk is no longer a niche product — it's core

Five years ago, for some, political risk was treated as a specialist or peripheral coverage. That distinction no longer holds.

Over the past decade, but particularly last four-five years, and acutely over the past year, Government actions including sanctions, export restrictions, currency controls, license or concession cancellation, forced renegotiation and creeping expropriation are now among the primary drivers of insured loss across energy, mining, infrastructure, technology and media, manufacturing, apparel, even education and other trade-dependent sectors.

As a result, political risk insurance has become a core balance-sheet and liquidity management tool, rather than an ancillary purchase.



At the same time, political change can unlock opportunity. Re-entry interest in Venezuela's energy sector underscores how risk and opportunity increasingly coexist, reinforcing the importance of insurance structures that enable participation while protecting against sudden reversals.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Political risk by industry – a national security lens

A defining shift in political risk assessment is the increasing tendency to evaluate all industries through a national security lens, rather than limiting heightened scrutiny to traditionally sensitive sectors.

Recent escalation dynamics in the Middle East, specifically Iran's retaliation on commercial industry in Gulf states, have illustrated how rapidly a wide range of commercial activities can be viewed as strategically relevant.

Energy and natural resources

Energy infrastructure increasingly functions as a tool of geopolitical leverage. Assets may be exposed not only to physical disruption, but to export bans, forced rerouting, sanctions enforcement changes or retaliatory policy action.

Ports, airports and transportation infrastructure

Energy infrastructure increasingly functions as a tool ports, airports and logistics hubs are now routinely viewed as dual-use infrastructure, vulnerable to denial of access, precautionary closures or regulatory intervention without physical attack.

Technology and data infrastructure

Data centers, telecommunications and digital infrastructure are firmly within the political risk perimeter. Recent escalation rhetoric has reinforced the strategic sensitivity of data, networks and digital continuity.

Universities and civilian infrastructure

An expanding national-security discourse increasingly references universities and research institutions, where advanced research, intellectual property and data may be viewed as strategically sensitive.

Financial services and capital markets

Banks, payment systems, insurers and capital-market infrastructure are increasingly exposed to geopolitical risk as finance becomes drawn in as a geopolitical weapon. We're seeing SWIFT with regards to Russia, with concern that such cross- border tools could see increased trading bloc type activity through sanctions regimes, counter-sanctions, asset freezes and restrictions on cross-border capital flows.

Manufacturing and industrial supply chains

Manufacturing assets and industrial supply chains are vulnerable to trade controls, industrial policy interventions and reshoring or "friend-shoring" mandates. Facilities may face abrupt loss of inputs, export restrictions or political pressure to realign production in response to geopolitical tensions. Importantly in this sector (several), capital equipment is often large and permanent, making it difficult to leave a country quickly with such permanent investments.

Healthcare and life sciences

Healthcare systems, pharmaceutical manufacturing and biotechnology firms face growing exposure to export controls, supply-chain restrictions and national-security scrutiny. Medical data, biologics and advanced research may be treated as strategic assets, increasing regulatory oversight and the risk of politicized access constraints.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



Agriculture and food systems

Agricultural production, storage and distribution increasingly intersect with geopolitical risk through export bans, price controls and trade retaliation. Food security considerations can prompt rapid policy shifts, affecting market access, logistics continuity and investment stability. Ukraine and Russia have been key examples of loss in this sector.

Water and environmental infrastructure

Water treatment, distribution systems and environmental management infrastructure are gaining strategic relevance amid climate stress and resource competition and desalination plants have been discussed as targets in the Iran war. Assets may be exposed to regulatory intervention, cross-border disputes or reclassification as critical national infrastructure.

Mining and critical minerals

Mining operations and processing facilities — particularly those tied to critical minerals — are increasingly politicized. Assets face heightened exposure to licensing changes, resource nationalism, export restrictions and state intervention driven by strategic supply-chain considerations.

Defense-adjacent and dual-use manufacturing

Civilian manufacturers producing dual-use components or services may be drawn into national-security frameworks. Even absent direct defense contracts, firms may face export controls, investment screening or forced divestment driven by geopolitical risk assessments.

Retail and distribution

Retail and consumer-facing distribution networks are increasingly exposed to geopolitical risk in sensitive markets. Brand positioning as Western or American, sourcing practices or public messaging can trigger scrutiny, enforcement actions or consumer backlash. Disruption may arise through transit route disruption, backlash to sourcing, licensing issues or shifts in state-aligned consumer sentiment rather than formal sanctions.

The implication is clear: political risk exposure is now sector-agnostic but strategy-driven.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Countries and regions to watch

From a political risk and trade disruption perspective, underwriters are closely monitoring:

Iran & Gulf states: Potential for continued retaliatory attacks on key sectors. Depending on scenario and trajectory of events, the potential for further escalation and more widespread losses and fiscal pressure on some states like Bahrain

Red Sea/Eastern Mediterranean: Continued instability with Houthis joining into war, affecting shipping and logistics

China & Taiwan: Exposure across trade, technology and manufacturing, tensions persist, particularly on key sensitive topics (e.g., cotton, Taiwan)

Ukraine: Continuing war including political violence, forced abandonment, confiscation (by Russian de facto control in some areas).

Europe (Eastern & Northern): Expanding Russian grey-zone aggression

Venezuela: Rapid policy change, uncertainty and renewed energy-sector entry

West Africa (Sahel and coastal states): Resource nationalism and policy transmission

Nigeria: FX constraints and regulatory volatility, some energy companies prefer offshore

Egypt: Fiscal strain and currency pressure, potential for spill over from Iran conflict

Turkey: Strategic positioning with domestic pressure, potential spillover from Iran conflict

South Asia (Pakistan, Bangladesh, Sri Lanka): External financing stress

Latin America: Select countries have shown events such as Mexico of a couple expropriations, and interventions to supply chains in import/retail, Nicaragua concerns over mining (overall investment climate for Western companies), rhetoric between Colombia and U.S.

There are also several ongoing tensions that could flare up or intensify: India/Pakistan, Sudan spillover, Armenia-Azerbajan, East-Mediterranean, as well as concern around Korean peninsula, Taiwan Strait, South China, Sea, Panama Canal, Strait of Malacca.

The unifying feature is speed of change and correlated impact.

The political risk marketplace

Despite heightened geopolitical volatility, the political risk market remains fundamentally resilient. This resilience is in part due to the discipline carriers have deployed regarding aggregation to each country. Capital remains available, underwriting expertise is deep and both private and public markets remain active. However, underwriting is increasingly aggregation-aware and structure-driven. Some carriers have constraints on how many countries they can underwrite within a program due to structuring programs with layers and/or focusing on higher financial materiality countries can work well. Capacity is limited for just the political violence and forced abandonment peril from the majority of underwriters in Gulf states but remains open to other perils. China capacity remains limited but is available from a few carriers.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Public and private market solutions

Following reauthorization, the U.S. Development Finance Corporation (DFC) has demonstrated expanded appetite — including for energy projects and potentially higher-income countries where aligned with U.S. interests. DFC can offer:

- Policy tenures up to 20 years
- Lower pricing in challenging environments (open to Ukraine for example)

Willis works across both private and public markets, including DFC, to structure blended solutions.

The market rewards discipline

In today's PRI market, Insureds need to be disciplined in coming to market before a crisis occurs. The differentiator is how effectively risk is framed, structured and positioned.

Organizations that approach political risk insurance as a capital protection tool, integrated into a broader investment and risk strategy, will achieve far more favorable results than those treating it as a transactional, crisis-driven purchase.

This reflects a broader evolution in the market: from buying insurance to actively managing political risk as part of enterprise decision-making.

Practical actions for clients

Clients should map any existing political risk-related coverage (marine, SRCC, terrorism) and exclusions (war and hostile acts under property, some cancellation provisions within marine) to first understand what cover they currently carry (if any). Then model their exposures (usually property values, equity, currency remittances) against current states and future scenarios and assess financial concentration. Understanding how risks propagate across cash flows and balance sheets is critical. Define risk tolerance and seek de-risking solutions where appropriate.

Contact

Laura Burns
Head of Political Risk North America
laura.burns@wtwco.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Product Recall

Rate predictions

Recall marketplace

flat to +5%

1. Regulatory volatility is driving higher and less predictable recall exposure

The high cost of regulatory volatility

Across automotive, food, pharma, consumer products and medical devices, the regulatory environment is shifting faster than at any point in the past decade.

- Tariffs, weakened fuel standards and shifting import rules are disrupting supply chains and increasing component-level failure risk
- FDA, USDA and CPSC are issuing more warnings about poor recall execution, signaling higher downstream loss costs
- Agencies are tightening expectations around allergens, AI-enabled devices, infant formula and GRAS ingredients — all categories with historically high recall severity
- Staffing cuts at federal agencies mean less pre-market oversight and more post-market enforcement, which typically leads to more recalls and more severe events

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

2. Supply chain instability and reshoring pressures are increasing quality drift

Reshoring and the “quality drift” phenomenon

Manufacturers across sectors are being pushed to reconfigure sourcing due to tariffs, national-security investigations and incentives to move production to the U.S.

- The automotive and pharmaceutical sectors face the most dramatic reshoring pressure, increasing the risk of early-stage production defects
- Food and consumer products are seeing more ingredient-level scrutiny, especially around allergens, UPFs and contamination
- Medical devices face rising data-integrity concerns as the FDA cracks down on unreliable third-party testing labs

3. Market expansion: New capacity from Euclid, United Risk and Sentric is reshaping competition

A shifting competitive landscape

Three new entrants — Euclid, United Risk and Sentric — have expanded the recall-insurance marketplace, bringing fresh capacity and experienced underwriting leadership

- Their arrival increases competition in a historically concentrated specialty line
- Strong underwriting leadership at all three firms signals a disciplined appetite and more sophisticated risk selection
- More carriers in the space means broader product offerings, more tailored coverage and increased pressure on incumbents to innovate
- As regulatory and supply-chain pressures rise, these new markets are entering at a moment of heightened demand for recall and contamination coverage

A more competitive environment with greater differentiation in appetite, pricing and risk engineering — but also a need for sharper underwriting discipline as recall frequency rises.

Contact

Shawn McCleary
National Product Recall Leader
shawn.mccleary@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Private Equity Property & Casualty

Rate predictions

Property
–15% to flat (Favorable risks)

Flat to 8% (Challenging risks)

General liability
2% to 7% (Favorable risks)

10% to 20% (Challenging risks)

Business auto
8% to 15% (Favorable risks)

20% to 30% (Challenging risks)

Workers' compensation
–5% to flat (Favorable risks)

5% to 10% (Challenging risks)

Umbrella (lead)
8% to 15% (Favorable risks)

15% to 30% (Challenging risks)

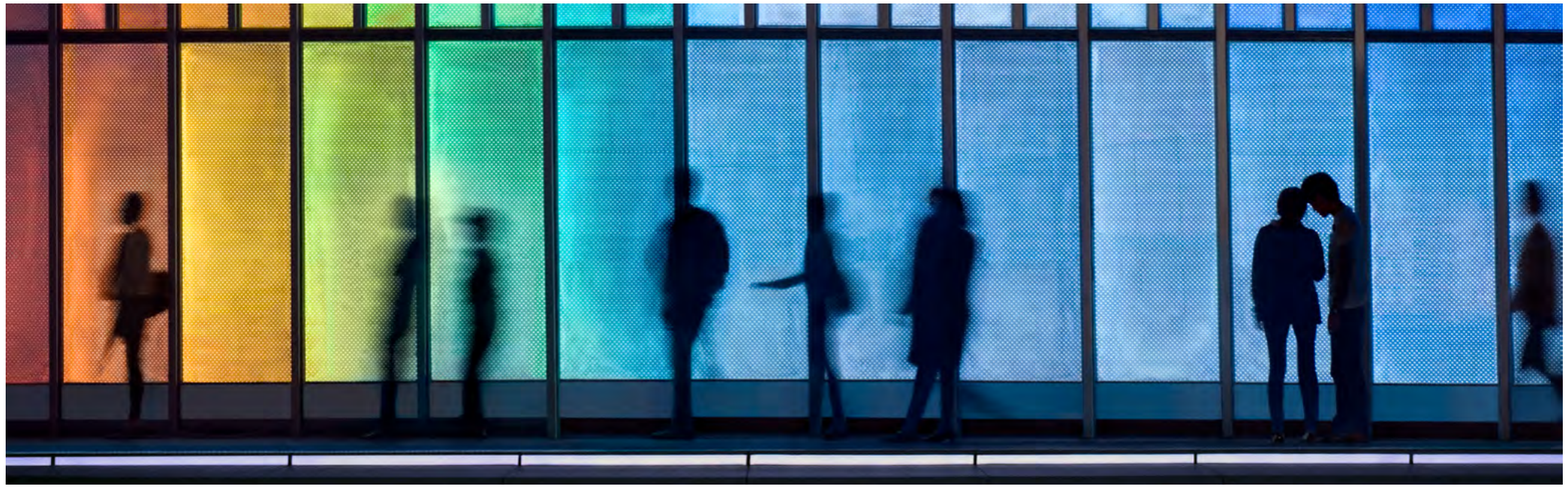
Excess liability
8% to 15% (Favorable risks)

15% to 30% (Challenging risks)

Key takeaways

- Property pricing is transitioning toward a softer environment, particularly for non catastrophe exposed, well performing risks
- Casualty lines remain structurally firm, with elevated pressure in general liability, auto, umbrella and excess

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.



2025 marked a re acceleration year for private equity, following two years of recalibration driven by higher interest rates, valuation dislocation and reduced exit activity. While overall deal volume remained below prior cycle peaks, deal value rebounded, reflecting a shift toward fewer but larger transactions.

Across sectors, private equity in 2025 moved away from financial engineering and toward operational value creation and sector specialization. Infrastructure, technology, healthcare and business services emerged as the most consistently favored investment areas, driven by recurring revenue profiles, scalability and resilience to macro volatility.

Because, the property & casualty (P&C) insurance marketplace remains a direct contributor to EBITDA volatility, margin durability and exit quality across portfolios. Market conditions are most relevant in sectors where sponsors are currently active, including:

1. Technology and software
2. Healthcare and HealthTech
3. Infrastructure (digital, energy, utilities, service contracting)
4. Business and professional services
5. Industrials and materials
6. Energy transition and sustainability
7. Consumer products
8. Financial services

These verticals account for most PE backed exposure to property & casualty lines, making insurance market dynamics an operational — not peripheral — issue.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Market outlook – private equity property & casualty

2026 will be a normalization year for private equity defined by execution and differentiation. Performance will be driven primarily by how effectively sponsors drive operational improvement at the portfolio company level, not by favorable pricing cycles or leverage conditions.

For financial sponsors, property & casualty insurance is one of the few balance sheet and operating levers that can simultaneously:

- Improve EBITDA
- Reduce earnings volatility
- Protect exit value

As the market normalizes, insurance optimization becomes a core operational value creation tool. Sponsors that manage insurance actively at the portfolio level can generate basis-point margin improvements that compound over the hold period, while insulating portfolio companies from insurance market volatility defined by:

- A softening property market
- Persistent casualty rate pressure driven by social inflation, litigation funding and venue risk and rising loss severity/reserve volatility

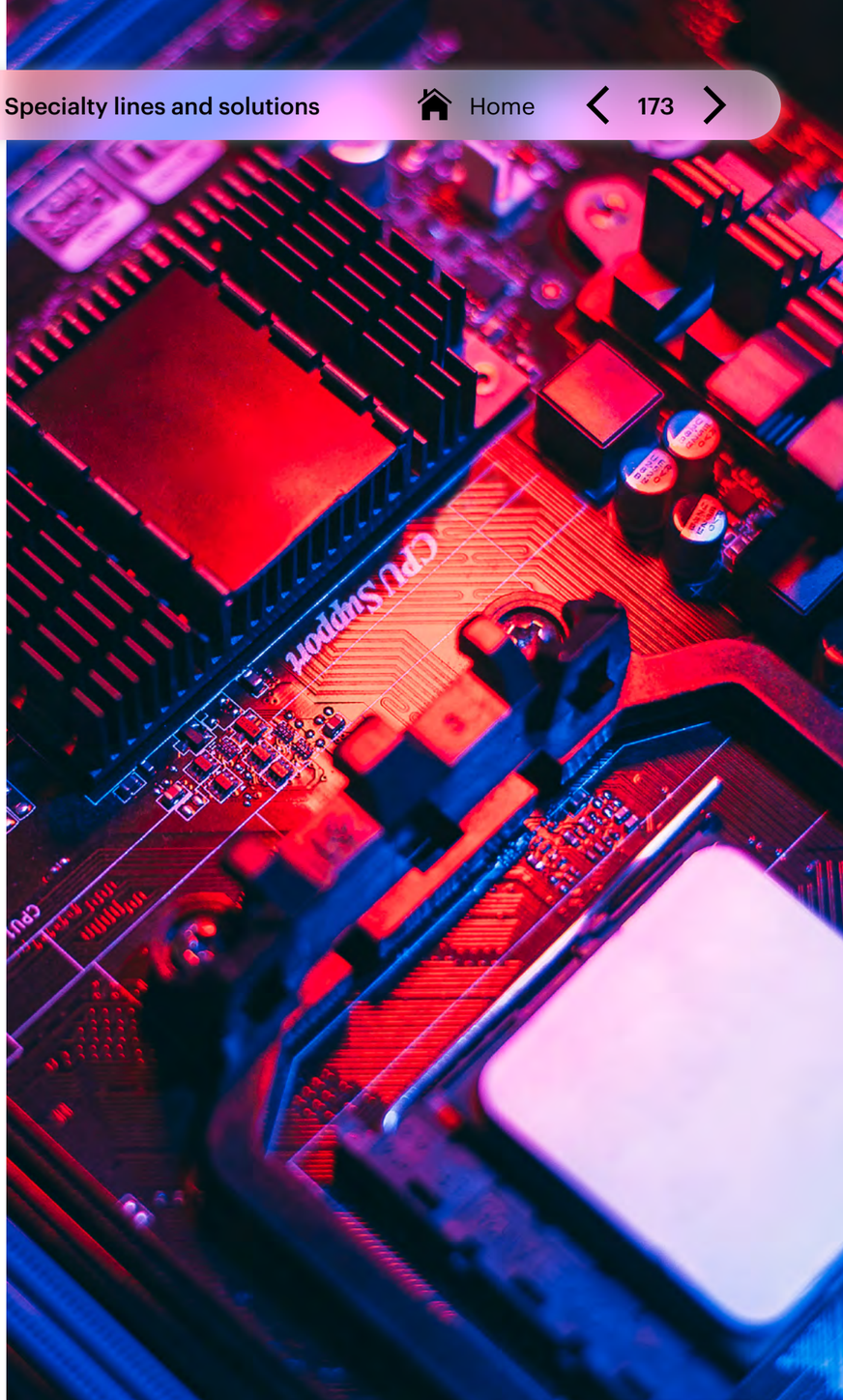
In the current phase of the insurance cycle, P&C insurance is no longer a passive cost or annual renewal event. For financial sponsors, it is a repeatable operational lever that directly impacts margin durability, earnings quality and exit outcomes.

Sponsors that treat insurance as an integrated component of operational value creation — rather than a market-driven expense — will outperform in a normalized private equity environment.

Contact

Aartie Manansingh
Head of the Alternative Asset Insurance Solutions (AAIS) Industry Group
aartie.manansingh@wtwco.com

Harry Merker
North American Property & Casualty Cross Industry Sales Leader
Strategy & Execution Leader AAIS Industry Group
harry.merker@wtwco.com



Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Senior Living

Rate predictions

Senior living healthcare professional liability*
flat to +15%

Auto liability
+5% to +15%

Property
–8% to flat

Workers compensation
–5% to flat

*The higher-rate impact is seen in excess layers and less favorable venues

Senior living healthcare professional liability

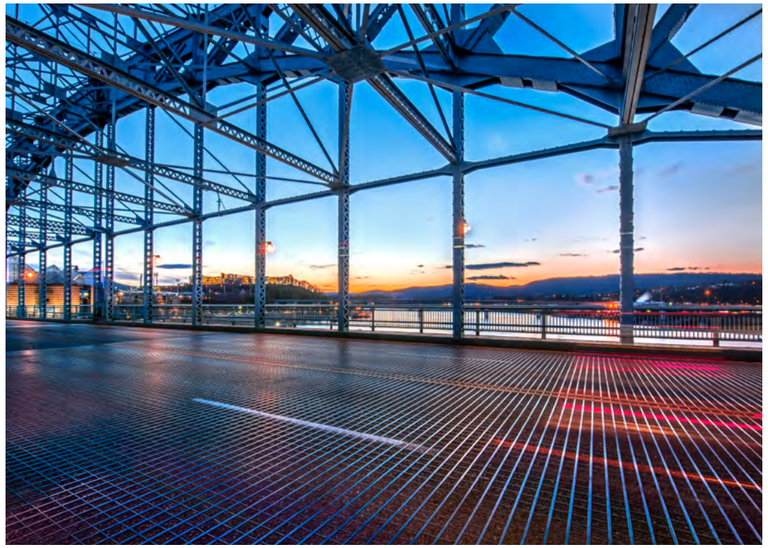
- The professional liability marketplace for senior living is split – longtime carriers in this space are diligently focusing on maintaining rate and moderating capacity, particularly in challenging venues, while new carriers entering the space are being opportunistic and looking to gain market share
- We're seeing differing underwriting philosophies: In the more challenging venues, including CA, KY and NY, there's a strong push for higher deductibles and a diminishing appetite, while in the non-litigious venues, there's a strong appetite and greater flexibility
- Continued reduction of capacity, frequently seeing a maximum limit of liability offered by any one carrier of $5 million per layer
- Given the tremendous market demand for senior living, there is strong capital market investment interest, which is fueling more "shopping" of existing insurance programs as new owners of existing communities look to ensure optimal pricing and terms

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

- With this growth in senior living investment interest, we're seeing a rise in senior housing valuations, which is generating an even greater spotlight on controlling operating costs such as insurance
- Insurers greatly appreciate the value in established insurer/insured partnerships with proven senior living operators and offer greater flexibility where an established relationship exists
- Look for defense costs to be outside the limit of liability as litigation costs are quicker than ever, eroding the limit of liability
- A strong resident care risk management program is a valuable asset to highlight for prospective insurers
  - Implementation of risk mitigation technologies, such as fall prevention measures, has increasingly become a regular topic of discussion
- Continued rise in the costs of litigation
  - One claim in a tough venue can upend the profitability of an insurance program for years to come, so underwriters very carefully underwrite tougher venues
- Indemnity payments have more than doubled over the past 10 years
- Higher claim costs for pressure injuries, elopements and abuse incidents
- Abuse coverage is still readily available in the marketplace including within the excess liability tower

Property

- The property marketplace for senior living has softened as reinsurance pricing has improved
- Accounts with favorable loss history and low CAT exposure are particularly reaping the rewards with additional rate decreases
- Accounts with challenged loss history, heavy CAT exposure or locations with non-mitigated risk exposures would be considered exceptions to the ranges above
- Markets have continued focused attention on deductible adequacy pertaining to CAT perils and water damage
- Reduced emphasis on overarching value corrections and more of an emphasis on inflationary value increases



- Senior living markets are limited and risks may experience higher-than-average rate increases if their loss experience is unfavorable
- Senior living risks entailing frame construction or buildings without adequate sprinkler protection are even more challenging
- Some smaller senior living risks are experiencing deductible increases

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Auto liability

- Strong underwriting is utilized to address the potentially catastrophic risks associated with auto liability
- Close attention is being paid to risk-control programs such as:
  - Motor vehicle record (MVR) reviews – both upon hiring and annually thereafter
  - Driver training and general fleet auto safety
  - Telematics to track and monitor fleet driving activities
- Auto is generally paired with property or workers compensation, but PL/GL can also be leveraged depending on the carrier – the market environment for stand-alone auto, including hired and non-owned exposure is challenging
- When marketing, it's important to highlight established risk management protocols

Workers compensation

- Many markets for senior living have broad workers compensation appetites and are comfortable writing monoline without supporting business
- Monoline comp carriers tend to purchase less reinsurance which in turn allows them to be more flexible with their appetite
- Underwriters continue to focus on controls, safety culture and "lessons learned" after a loss to prevent similar future losses
- Safety and health and return to work programs are key in this area
- Both owned auto and non-owned auto-driving exposures are underwritten closely from a workers compensation perspective

Contact

Wayne Wills
Senior Living Industry Segment Leader, North America
wayne.wills@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Surety

Rate predictions

Commercial surety

flat

International surety

flat

Contract surety

flat

M&A/private equity surety

modest increase

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Surety

Key takeaways

- Surety bond demand remains strong and resilient, driven by sustained infrastructure spending, manufacturing growth and construction activity, despite global economic volatility and geopolitical tensions
- Capacity in the surety market is expected to stay plentiful throughout 2026, especially for well-qualified contractors and high-quality credits. Underwriting will be more selective for larger or higher-risk projects, but healthy competition ensures broad availability for strong applicants
- Premium rates are projected to remain largely stable and flat in 2026, supported by solid loss ratios and competitive pressures. Only modest, case-by-case adjustments are anticipated
- The surety industry has delivered consistent profitability for over two decades, leading to favorable and flexible underwriting terms for well-capitalized contractors
- However, several carriers face elevated risk concentrations and emerging loss trends that could trigger significantly larger claims. If material losses occur, the industry (heavily influenced by reinsurers) is expected to respond quickly and decisively
- International surety demand continues to grow, supported by a projected USD 106 trillion[1] in global infrastructure spending by 2040. Asia is expected to account for 66% (USD 70 trillion)[2], while the Middle East benefits from major diversification projects such as Saudi Vision 2030. Near-term challenges include the impact of the Iran conflict, higher energy costs and project delays
- International premium rates remained flat in 2025 and are expected to stay stable over the next 12 months due to ample capacity and strong interest in cross-border surety. AI adoption is accelerating, with 92%[3] of ICISA members planning to implement it within the next year, though human underwriter involvement will remain essential in emerging markets due to limited local data

1 – 2. The infrastructure moment, McKinsey & Company, September 2025.
3. ICISA business sentiment survey 2025.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

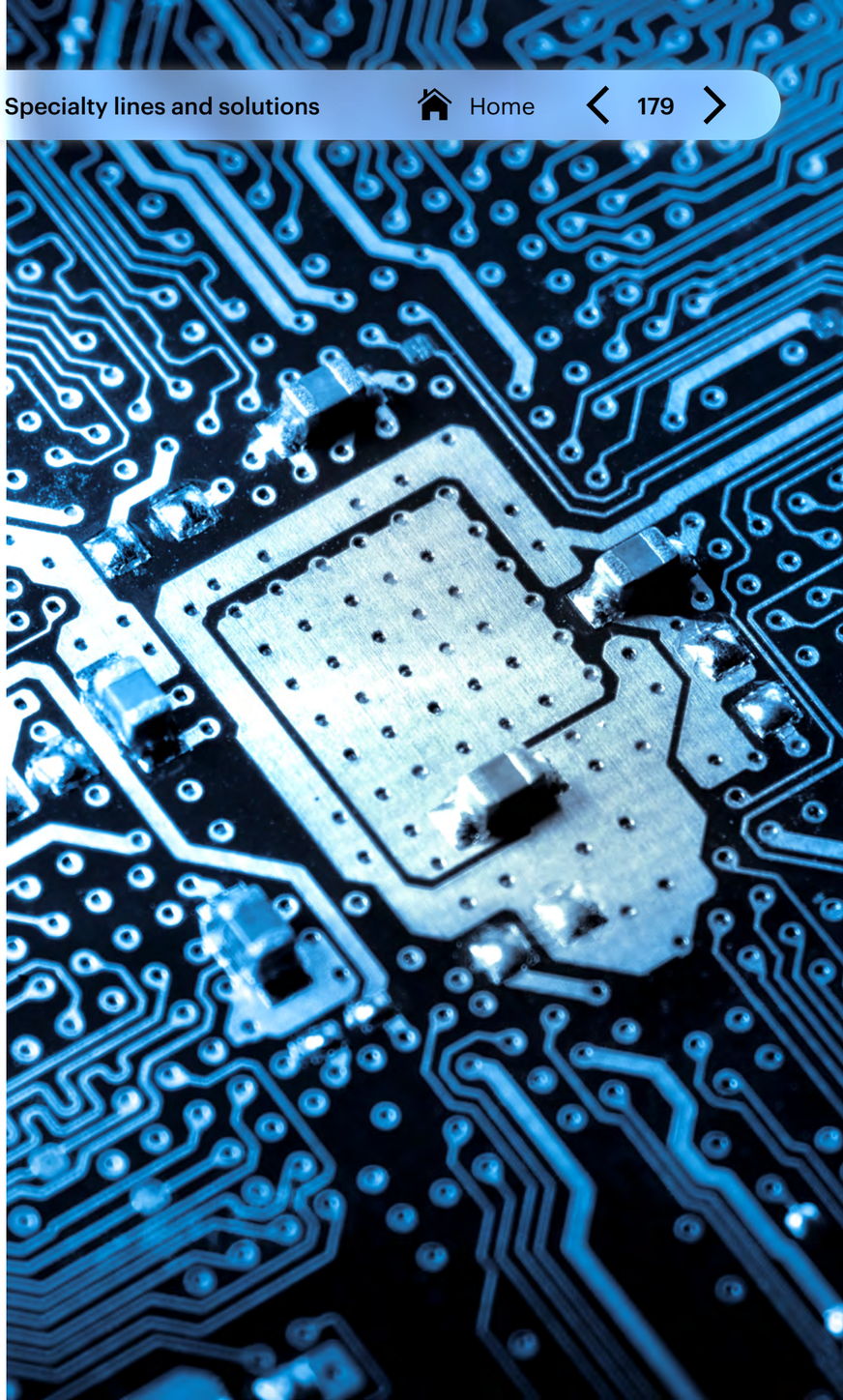
The global surety market delivered strong profitability in 2025. However, early signs of loss development have begun to emerge as we enter 2026. Underwriting conditions are increasingly shaped by economic volatility, geopolitical tensions and evolving global tariff structures, resulting in more complex risk assessments across the market.

Capacity is expected to remain readily available, particularly for well-performing and well-capitalized principals. Overall pricing is projected to stay stable, with only modest upward pressure. That said, heightened underwriting scrutiny is anticipated in select sectors, including renewable energy, private equity-backed entities and multinational risks.

Continued investment in digital infrastructure, technology and energy projects is expected to drive steady market growth. The rapid expansion of data centers and large-scale energy initiatives that accelerated in 2025 is forecast to continue into 2026, placing further pressure on underwriting resources due to increasing project size, complexity and capital requirements.

Geopolitical instability continues to pose risks of renewed supply chain disruptions, which could elevate construction and material costs and adversely affect project profitability across several industries. Growth in Asia and the Middle East may be partially tempered by the ongoing Iran conflict. GCC real GDP growth is forecast to decline from 4.4% to 2.6% in 2026 due to reduced oil exports, tourism and domestic demand. Several major projects, including expansions at Dubai International Airport, Zayed International Airport, Jebel Ali Airport and the Etihad Rail project, have been scaled back or delayed amid regional unrest and conflict-related damage.

While industry results remain robust overall, underlying claim activity is developing. Sustained profitability is nevertheless expected to support ample capacity, broader underwriting appetite and new market entrants in 2026. Cross-border surety capacity expanded through several notable acquisitions and partnerships, including Sompo's acquisition of Aspen, Zurich's purchase of Beazley and Swiss Re's acquisition of QBE.

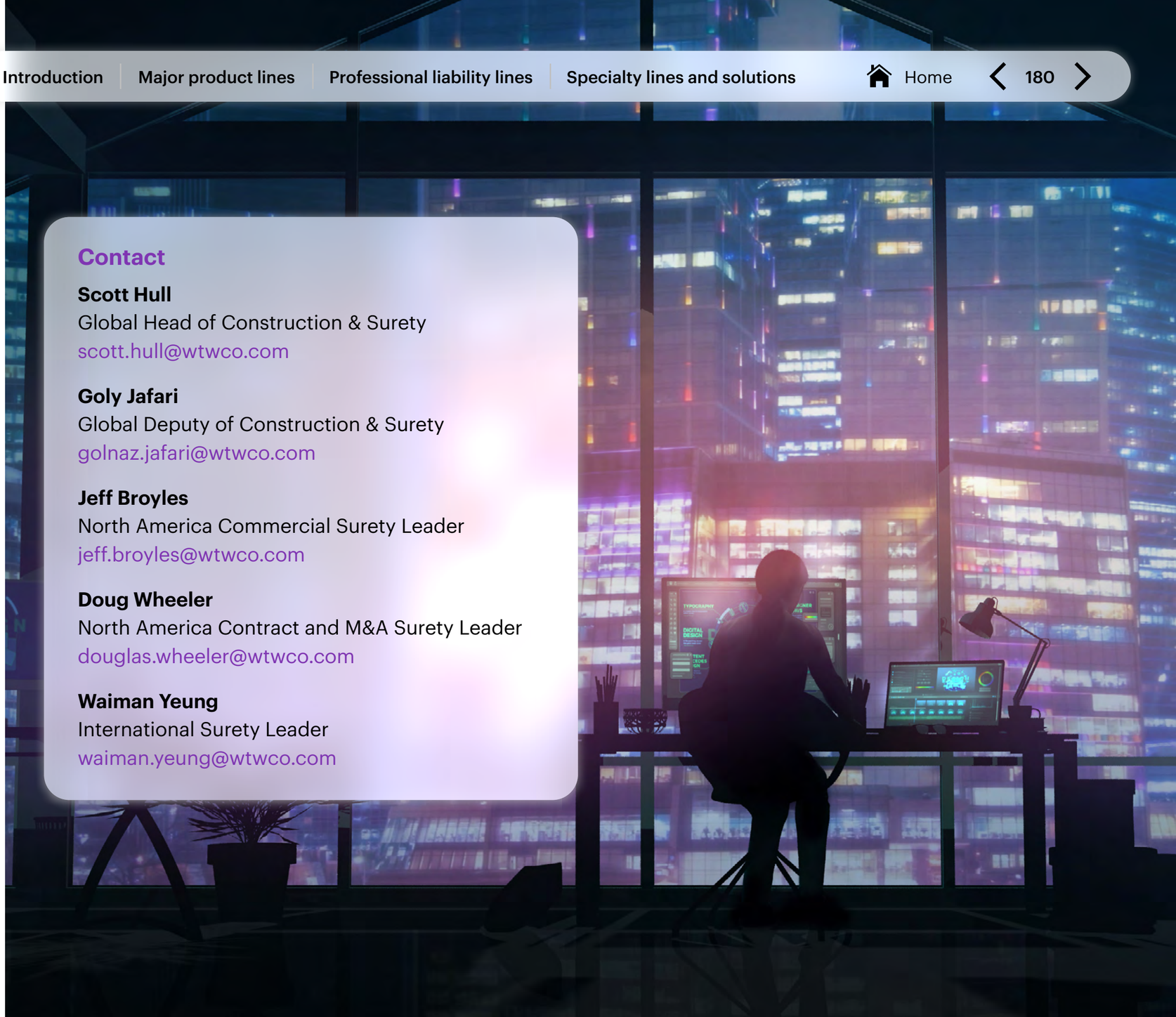


Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

The global surety market was valued at USD 23 billion in 2025 and is projected to reach USD 31 billion by 2037, representing 41% growth (5.06% CAGR). Asia and the Middle East are expected to lead growth, supported by an anticipated USD 106 trillion in global infrastructure spending by 2040, with approximately 66% (USD 70 trillion) directed toward Asia. India remains one of the most dynamic surety markets, having issued nearly USD 1.2 billion (or approximately Rs 10,000 crore mark) in obligations for the National Highways Authority of India (NHAI) from 2022 to September 2025.

The adoption of AI is expected to accelerate, with 92% of ICISA members planning to increase its use over the coming year. The impact of artificial intelligence on the surety industry is still evolving, with expectations centered on enhancing support functions rather than direct talent augmentation.

From a talent perspective, the industry continues to face constraints due to a limited talent pool. This has intensified focus on training and development to strengthen the quality of emerging professionals. Entry-level hiring is expected to remain active among both brokers and carriers. However, the persistent shortage of experienced senior professionals is likely to constrain expansion.



Contact

Scott Hull
Global Head of Construction & Surety
scott.hull@wtwco.com

Goly Jafari
Global Deputy of Construction & Surety
golnaz.jafari@wtwco.com

Jeff Broyles
North America Commercial Surety Leader
jeff.broyles@wtwco.com

Doug Wheeler
North America Contract and M&A Surety Leader
douglas.wheeler@wtwco.com

Waiman Yeung
International Surety Leader
waiman.yeung@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Trade Credit

Rate predictions

Trade credit

–5% to flat

Key takeaways

Despite a more complex and uncertain macroeconomic backdrop, market conditions for insureds continue to remain favorable.

On a macroeconomic scale, business bankruptcies and restructurings remain elevated following several years of rising interest rates, higher input costs and trade disruption. Chapter 11 filings reached a decade-high in 2025, and restructuring activity is expected to continue at a measured pace through 2026 as companies refinance debt and manage tighter liquidity conditions.

Major insurers continue to report double-digit growth in both claim frequency and claim severity, reflecting lingering stress among highly leveraged sectors such as consumer goods, and certain industrial segments. Despite this growth in claim activity, insurer credit risk appetite and pricing remains strong.

Despite elevated claim activity, pricing for new insureds entering the market remains highly competitive, with abundant insurer capacity and a strong appetite for well-diversified portfolios. Rate movement expectations for 2026 remain in the -5% to flat range for attractive risks.

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

Trade Credit

Key takeaways (continued)

- Financial institutions are increasingly leveraging trade credit insurance to support lending growth, enhance capital efficiency and differentiate financing solutions in a slower-growth environment.
- Indications from insurers focused on financial institution portfolio submissions remain extremely competitive, characterized by aggressive pricing, broader policy terms and flexible approaches to risk selection for high-quality counterparties. Insurers are taking a conservative underwriting approach for single risk and supply chain finance reviews; largely due to recent high profile single risk losses
- Innovation in policy design, data analytics and real-time credit monitoring continues to accelerate, enabling credit management and risk teams to respond more dynamically to rapidly changing buyer risk profiles
- The economic impact of U.S. trade and tariff policy remains a key source of uncertainty. While recent legal and policy developments have altered the structure of certain tariffs, pass-through effects on inflation and corporate margins are expected to become more visible in 2026 as businesses exhaust pre-tariff inventory and adjust pricing
- Tariffs continue to exert selective inflationary pressure, particularly in goods-producing sectors, while contributing to slower — but still positive — economic growth. Ongoing uncertainty around trade policy may suppress capital investment and delay supply-chain decisions, especially for companies with concentrated cross-border exposure
- Unlike during prior systemic shocks such as the financial crisis and the pandemic, government intervention capacity is more constrained due to elevated public debt levels, placing greater emphasis on private-market risk mitigation tools such as trade credit insurance.

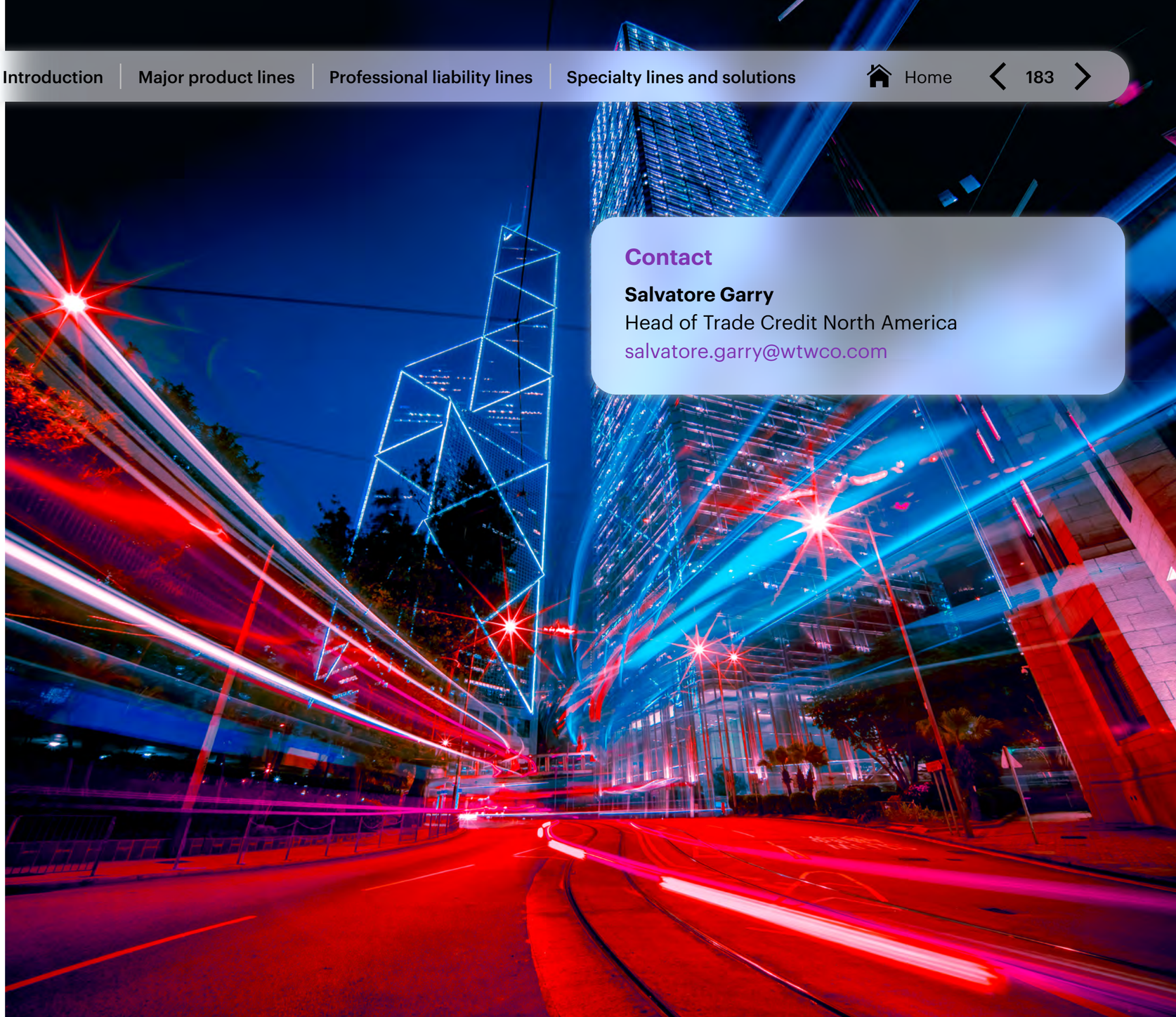
Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

ProfitGuard

Key takeaways

Understanding the credit risk of customers and suppliers during periods of heightened volatility remains critical to protecting balance sheets and preserving cash flow. Below are several key observations from current market conditions:

- Persistent pressure on corporate liquidity continues to drive elevated bankruptcy and restructuring activity, particularly among highly leveraged and lower-rated counterparties, reinforcing the importance of proactive credit risk monitoring
- As a result of heightened corporate credit risk, demand for credit assessments and monitoring solutions remains strong, as organizations seek earlier warning signals and more granular insight into counterparty financial health
- A significant portion of monitored firms continue to fall within marginal to weak credit categories, reflecting a limited tolerance for additional macroeconomic or sector-specific shocks. These credits remain vulnerable to rapid deterioration in the event of further tightening in financial conditions or adverse trade developments



Contact

Salvatore Garry
Head of Trade Credit North America
salvatore.garry@wtwco.com

Insurance Marketplace Realities 2026. Copyright © 2026 WTW. All rights reserved.

WTW hopes you found the general information provided in this publication informative and helpful. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal advisors. In the event you would like more information regarding your insurance coverage, please do not hesitate to reach out to us. In North America, WTW offers insurance products through licensed entities, including Willis Towers Watson Northeast, Inc. (in the United States) and Willis Canada Inc. (in Canada).

Each applicable policy of insurance must be reviewed to determine the extent, if any, of coverage for losses relating to the Ukraine crisis. Coverage may vary depending on the jurisdiction and circumstances. For global client programs it is critical to consider all local operations and how policies may or may not include coverage relating to the Ukraine crisis. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal and/or other professional advisors. Some of the information in this publication may be compiled by third-party sources we consider reliable; however, we do not guarantee and are not responsible for the accuracy of such information. We assume no duty in contract, tort or otherwise in connection with this publication and expressly disclaim, to the fullest extent permitted by law, any liability in connection with this publication. WTW offers insurance-related services through its appropriately licensed entities in each jurisdiction in which it operates. The Ukraine crisis is a rapidly evolving situation and changes are occurring frequently. WTW does not undertake to update the information included herein after the date of publication. Accordingly, readers should be aware that certain content may have changed since the date of this publication. Please reach out to the author or your WTW contact for more information.

This document may contain information or materials created or provided by third parties over whom Willis Towers Watson has no control or responsibility. These third-party information or materials are not under Willis Towers Watson's control, and Willis Towers Watson is not responsible for the accuracy, copyright compliance, legality, or any other aspect of such third-party information or materials. The inclusion of such third-party information or materials does not imply endorsement of any third parties by Willis Towers Watson or any association of Willis Towers Watson with any third parties.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.

wtwco.com/social-media

Copyright © 2026 WTW. All rights reserved.

WTW-4384407316-04-2026

wtwco.com