

Insurance Marketplace Realities

2027

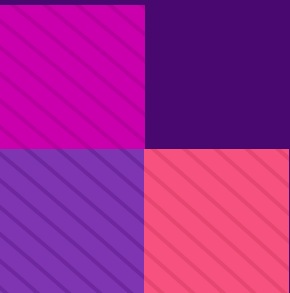


TABLE OF CONTENTS

1/ Introduction	3	3/ Professional Liability Lines	48	Marine Cargo	88
Executive summary	4	Cyber Risk	50	Marine Hull and Liability	90
The future of broking: More expertise, better connected	6	Directors and Officers Liability	54	Construction	94
How AI, data analytics and connected intelligence enhance insurance risk decisions	9	Employment Practices Liability/ Wage and Hour	58	Surety	102
		Fidelity and Crime	60	Crisis Management	105
		Fiduciary Liability	62	Political Risk	109
		Financial Institutions — FINEX	65	Credit Risk Solutions	112
		Lawyers Professional Liability	69	Natural Resources	114
				Environmental	120
2/ Major Product Lines	14			Healthcare Professional Liability	124
Large and Complex Property	16	4/ Specialty Lines and Broking Solutions	71	Managed Care E&O, D&O and Cyber	127
Large and Complex Casualty	22	Alternative Risk Transfer Solutions	73	Senior Living	130
Middle Market	30	Captive Insurance	77	Life Sciences	132
Canada Casualty	37	Architects and Engineers	80	International Casualty	135
Canada Property	41	Aviation and Space	84	Personal Lines	138
Bermuda	44			Product Recall	143

Introduction

Executive summary

Welcome back to our Fall Insurance Marketplace Realities Report. As you read the report, you will see many of the themes echoed from what was outlined in the Spring: with the highlight, that the market largely is favorable for our clients.

The notable exceptions continue to be auto liability, unsupported lead umbrellas, excess liability and a handful of particularly challenging general liability classes. However, we are starting to see signs of potential rate peaking in excess casualty driven in part by broker led facilities such as Gemini and new market entrants in the form of MGA/MGUs, combined with years of rate increases and reduced limit deployment. Geopolitical volatility continues to effect lines of business such as Political Violence, Terrorism and Marine but capacity still remains resilient in these lines of business.

Despite continued pressures from tariff uncertainty, climate volatility, third-party litigation funding, increased severity of verdicts, aggregation concentration, digital dependencies, geopolitical instability and changing alliances, the insurance environment still offers opportunities in most lines of business as outlined in this report.

The theme of this report is **The Specialist View: Navigating Tomorrow's Risk Landscape for 2027.**

Within this report across the product lines, specialties and solutions, we reference AI over 70 times and data centers over 20 times. Unsurprisingly, AI is a transformative force across energy, tech, financial institutions, healthcare and other sectors. The rapid growth of AI, cloud computing and digital infrastructure is creating significant demand for specialized insurance solutions. Technology is also driving efficiencies for

our clients and our colleagues as well as accelerating innovation. It is also leading to emerging exposures which require your placement brokers to work across lines and solutions to ensure adequate protection for these risks. In today's environment, it is critical that your advisors do not act in silos to help protect your evolving risks as well as maximize this favorable marketplace.

Within this report, our featured interview is with Krista Cinotti, Head of Placement Strategies and Head of Middle Market and Select, and Frannie Epps, Head of Digital Experience. The focus of this interview is on the future of broking which is rapidly becoming today's reality with the pace of technology advancements. Their views show a vision of the future that embraces technology and the opportunities it opens for clients and colleagues. The ability to focus more on strategy and to innovate with speed has never been more critical.



Our featured article by John Merkovsky, Head of Risk and Analytics, is on AI, data analytics and connected risk intelligence in driving decisions on how to protect your risks. The focus is on enabling you to make better and quicker decisions with data-driven insights as your exposures continue to evolve.

We appreciate the contributions of our product, specialty and solutions leaders, whose insights have helped shape this report. We hope it provides practical market intelligence and actionable perspectives for your organization. Through deep specialization, industry expertise, leading technology and data analytics, we are uniquely positioned to help you address today's challenges and build resilient, future-focused strategies. We are excited about what the future holds and the opportunity to support your continued success.

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The future of broking: More expertise, better connected

Modernizing placement while sharpening the judgment and specialization clients rely on

By: Krista Cinotti, Head of Placement Strategies and Head of Middle Market and Select and Frannie Epps, Head of Digital Engagement

Broking runs on expertise, relationships and market access. What is changing is how those connect: to clients, to carriers and across the specialists inside one firm. Krista Cinotti and Frannie Epps on the data and digital trading behind Willis' placement strategy.

Q: What is genuinely changing in broking right now?

Krista: Risk is now evolving faster than ever and has become more complex for all sizes of clients; however, the industry's process has not changed to match those

demands. The process is antiquated and needs to evolve — for every stakeholder in the chain and most of all for our clients. What will not change is the obligation underneath: specialization, strategic thinking and driving solutions. Relationships and deep, specialized knowledge aren't going anywhere — they're what let a broker apply nuance and exercise judgment. Technology doesn't replace that model; it supports it and it lets us build and deliver client solutions more quickly and effectively than we could before.

Frannie: Agreed. The constraint was never expertise; Willis has never been short of specialists. The opportunity is to connect that expertise to clients and markets faster, more consistently and with better context, while freeing our colleagues to focus on what matters most: understanding the client, interpreting the market and shaping the right solution.

Q: How does better connection change placement strategy?

Krista: It improves the strategy we build and the data we have to execute effectively on that strategy. Broking has always run on institutional memory: what a market did last year, who moved on a comparable risk. Now we can see how similar exposures have actually traded, where appetite is shifting by industry and line, and which markets are likely to deliver on the client's needs. That informs who we approach, how we structure a program, and where we press for terms, price and service.

It also makes bespoke work more achievable, and it only works if we keep all three pillars in view — clients, colleagues and carrier partners — because a strategy that only contemplates one won't be sustainable. Data shows us prior outcomes. Judgment decides whether prior solutions will continue to apply. Our innovation isn't only in the products and solutions we build; it's just as much in how we interact with and service the people on all three pillars. The technology's job is to put more knowledge and more data in front of our experts, not to take their analysis and expertise out of the equation.

Frannie: That's the value that comes from connecting the placement ecosystem. Clients benefit when their risk information, Willis' analytics, broker expertise and carrier engagement work together rather than as silos. That gives carriers greater clarity, colleagues a more integrated route to market and clients better visibility into their placement. Our broking platform connects how brokers and carriers trade, while Gemini extends that strategy into follow capacity. The measure is not simply whether a process is more digital; it is whether the client's risk reaches the right markets faster, is represented with greater insight and produces a stronger outcome.

Q: Where does AI earn its place?

Frannie: Where it compresses the distance between information and analysis. A renewal that once meant reading two policy forms side by side now starts with the differences surfaced, so the broker's time goes to what the change means rather than to finding it. Assembly gets faster; interpretation stays with the expert. We have been deliberate about governance, because our colleagues need clear expectations on how outputs are reviewed and where judgment is final. That discipline is what lets a capability scale across a firm this size.

Krista: The benefit was never the technology itself. It's a team that responds faster, works from more evidence and spends more of its time on what requires experience: spotting a concern earlier, bringing in a specialist sooner. The efficiency we gain gets reinvested, in stronger relationships with clients and carriers and in innovation. Broker knowledge and experience aren't being replaced; with the right data, technology and accessibility behind them, they're going to flourish. And as controversial as this might sound, technology will also help us train our junior colleagues more quickly - which frees up more of our time to teach the things that actually take years to learn: analysis, negotiation and relationship building.

Q: Does this reach every client, including the smallest?

Krista: It has to, and that is the hardest test of the model. The smallest clients have historically been underserved by full-service brokers, because a high-touch custom process does not scale down. Aquarius is our answer: a digital trading strategy that gives that segment a direct route to the right coverage rather than a thinned-out version of a process built for much larger clients. Further up the scale the mechanics differ: a middle-market client on a lean team needs a faster route to a specialist, a global program needs integrated data across territories. But the efficiency shows up everywhere, not just at the smallest end. It frees up time for risk managers, lets us deliver more across every segment and gives clients more choice in how they want to interact with and manage their own programs. In a risk landscape that keeps shifting, that's also what lets us get ahead of it: proactively building solutions by industry, by segment, by product, instead of waiting for the renewal to tell us something changed. A small business should get a Willis-quality outcome, not a Willis-shaped compromise.

Q: What should clients expect next?

Frannie: Clients should expect the same strategic guidance they rely on today, informed by a broader set of insights and delivered with greater precision. What's changing is our ability to combine a client's own data with Willis' analytics, market intelligence and specialist expertise, so decisions about risk, program structure and carrier appetite carry more confidence and context. The next evolution is moving from insight to foresight. Risk Intelligence Central already gives clients direct, curated access to their data and analytics, and we're investing in capabilities that show not only what has happened but what may be changing across their risk portfolio, industry and markets so we raise opportunities and emerging challenges earlier.

Krista: And clients should hold us to the outcome rather than the toolkit. What they are buying is confidence that someone capable has their interests in hand. When a market turns, or a claim tests the wording of a policy, they need a person who knows their business, has done the work and will say the hard thing aloud. Honestly, our clients and our own colleagues have been craving this kind of change - the old, antiquated way of doing

things wasn't serving anyone well, least of all the client. Creativity is going to matter as we build the next version of this business, but governance, consistency and collaboration matter just as much - none of this works if it's inconsistent from team to team. Everything we build exists to put more of that in front of more clients. Done well, none of it announces itself: the advice is sharper and the answer arrives sooner.

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How AI, data analytics and connected intelligence enhance insurance risk decisions

We explore how AI is helping transform insurance decision-making, turning growing volumes of risk data into faster, more informed business insights.

Your organization already holds policy information, claims records, exposure data, reports and financial information across the business. Yet many risk managers still spend significant time locating, validating and combining data before they can even answer basic questions about their risk management program performance, insurance spend or trends.

The pressure to change and evolve is immediate. C-suite, legal, finance and compliance teams want clearer visibility into their risks, stronger evidence behind decisions and a direct connection between insurance strategy and financial performance.

Insurance decision-making must become more fluid, analytical and connected. The conversation is shifting toward a paradigm of understanding future outcomes, evaluating options and supporting business decisions with greater confidence.

Increasingly, organizations are looking to create a connected view of their risk by bringing policy, claims, exposure, financial and operational data together into a more comprehensive perspective. This connected intelligence provides a deeper insight into the organization's risk profile and enables leaders to align insurance strategy with business strategy, ensuring the organization has the right protection to support its current needs and future direction.

Should insurance decisions start at renewals?

As market conditions continue to change across geographies, industries and lines of coverage, factors such as capacity, pricing, individual loss experience and underwriting priorities materially influence insurance outcomes.

Leading organizations are moving away from treating insurance as a transaction reviewed only at renewal and toward continuous assessment of risk, performance and cost throughout the year. Waiting until renewal limits the time available to improve data, evaluate alternatives and shape a stronger strategy.

This continual risk review approach creates opportunities to identify trends earlier, understand insurance cost drivers, better assess program performance and engage insurers with more robust information.

The quality of data and information matters. Clear and consistent data helps present risk more effectively, assess risk financing options and support more informed decisions. Organizations that can quickly access and understand their information put themselves in a stronger position to respond to changing market conditions.

How does AI support efficiency and better decisions?

Much of the discussion around AI focuses on future possibilities.

But many risk and insurance teams already use AI-enabled tools to organize documents, structure data and reduce the time spent gathering information from multiple sources.

That is only the beginning. The greatest value will come when AI helps organizations connect risk, insurance and business data that often sits in separate systems. WTW is already working with clients in this area through initiatives such as RiskIQ Nexus, our AI-enabled analytics platform designed to help organizations connect risk, insurance and business data, explore complex questions and access decision-support insights more quickly. Connecting these perspectives together can help risk managers understand how claims performance, insurance costs and operational exposures interact, creating a stronger foundation for evaluating options and supporting better decisions.

AI is already playing a much larger role in analytics and decision support by helping explore complex questions about performance, cost and future risk. Combined with connected data and analytics, AI can help identify trends, gaps and potential opportunities.

Today, many organizations spend considerable effort understanding why their premiums increased, which claims drove the greatest losses and how specific insurance programs performed. Increasingly, analytics are helping organizations move beyond understanding what happened to evaluating what could happen next, and the actions that may improve outcomes.

For example, risk managers may assess how changes in retentions affect total cost of risk, identify trends contributing to deteriorating claims performance, compare insurer outcomes across multiple years or evaluate the potential impact of alternative risk financing structures.

Combining data, analytics and professional judgement, we can leverage AI to process information across large datasets and identify patterns that warrant further investigation, fold in context from risk managers, challenge assumptions and determine and implement the best course of action.

As these capabilities mature, more organizations will have access to sophisticated analytics that previously sat within specialist actuarial or technical functions. Risk, finance and insurance teams will be able to explore scenarios, test assumptions and support decisions with greater speed and consistency.

How do we turn insurance data into action?

Historically, insurance analytics focused on reporting. Teams collected data, produced dashboards and reviewed historical results.



We expect analytics to do more.

Rather than producing static reports, analytical tools can help identify drivers of insurance costs, visualize trends, model potential outcomes and support decision-making.

Questions that become easier to answer include:

- Which losses have had the greatest impact on insurance costs over time?
- Which business units contribute most to retained losses?
- How would changing deductibles affect overall program performance?
- Where do protection gaps or overlapping coverages exist?
- Which insurers consistently deliver the strongest outcomes?
- How could a captive support broader risk financing objectives?

This shift may appear subtle, but it represents an important change. Organizations are moving beyond using analytics to describe the past and increasingly using it to evaluate future options.

Why is connected data so important?

One of the biggest obstacles to better decision-making is fragmented data.

A global organization may hold policy schedules in one location, claims information in another, renewal documentation in email archives and exposure data across multiple business units. Bringing these sources together often requires significant manual effort.

When information remains disconnected, it becomes harder to answer important questions:

- What drives our total cost of risk?
- Which insurers support our programs globally?
- Where are losses concentrated?
- How has program performance changed over time?
- Are we retaining the right risks?
- Where can we improve efficiency?

Many organizations are therefore focusing on creating a single, trusted view of their insurance portfolio. When information follows a consistent structure and sits in one place, reporting becomes easier, analysis becomes more meaningful and decision-making becomes more efficient.

A connected portfolio view also improves transparency, helping organizations see relationships, trends and performance drivers that can be difficult to identify when information sits in separate systems. This is where connected intelligence becomes valuable. By combining insurance, risk and business data with an analytically enabled risk framework, you can develop a more complete understanding of the factors influencing performance, cost and resilience. The result is greater visibility into portfolio performance, enabling more informed and confident decision making.

How will the evolution of AI change the role of a risk manager?

Risk managers now contribute to far more than insurance placement.

They support discussions around resilience, capital allocation, financial performance and operational risk. They explain how risk financing decisions affect business outcomes and communicate insights in terms that non-specialists can understand.

That responsibility requires more than access to information. It requires evidence that supports decision-making.

Senior stakeholders increasingly ask questions such as:

- Are we buying the right coverage?
- How effective is our insurance program?
- Which factors drive cost increases?
- Where should we focus risk improvement efforts?
- How do we compare with our peers?
- Could alternative risk financing deliver better outcomes?

Answering these questions depends on reliable information and the ability to analyze it quickly and consistently.

AI will reduce the time risk managers spend gathering information, allowing more time to advise the business.

Can the foundation for decision-making be improved?

Technology alone does not improve outcomes. Organizations seeing the greatest benefit focus on a few fundamentals:

- Improve data quality and consistency
- Create a connected view of risk and insurance information
- Use analytics to support decisions throughout the year, not only at renewal
- Link insurance decisions to financial and operational objectives
- Combine technology with specialist expertise and judgment

These steps support more productive discussions with insurers, brokers, finance teams and senior leadership while improving confidence in the decisions that follow.

Looking ahead: Today's data, tomorrow's risk intelligence

The future of insurance decision-making will depend on how effectively organizations use their information.

As AI, analytics and connected risk intelligence become more accessible, risk managers will spend less time gathering information and more time helping their organizations make informed decisions about risk, resilience and capital allocation. Organizations will increasingly expect answers to complex questions in days rather than weeks, supported by evidence rather than intuition alone.

The organizations that see the greatest benefit will not necessarily be those with the largest datasets. They will be those that connect the data across their portfolio, apply analytics consistently and translate insight into action.

For risk managers, this presents an opportunity to play a more strategic role within the business. Better data, stronger analytics and faster access to insight can support clearer conversations with boards, finance teams and insurers, helping organizations make more confident decisions in an increasingly complex risk environment.

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Major Product Lines

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



Large and
Complex
Property



Large and
Complex
Casualty



Middle market



Canada
casualty



Canada
property



Bermuda

Large and Complex Property



Rate predictions

Single carrier programs

–5% to –15%

Shared and layered programs

–15% to –25%

Key takeaways

Property rates continue to soften across all program types as the multi-year hard market fully reverses, though hurricane season and treaty renewal outcomes remain key swing factors for H2 2026.

01

Q2 2026 rates fell 14.5% (shared/layered –23.41%, single carrier –8.42%), trending toward 2019 levels as the 2018–24 hard market reverses.

02

H1 2026 insured CAT losses hit \$42 billion, the lowest first half since 2020, but hurricanes remain a key wildcard.

03

Treaty reinsurance softened at every 2026 renewal date, reinforcing abundant primary market capacity.

04

WTW's Data and Innovation Suite (Gemini, Client Edge) and data center industry expertise continue to differentiate client outcomes.

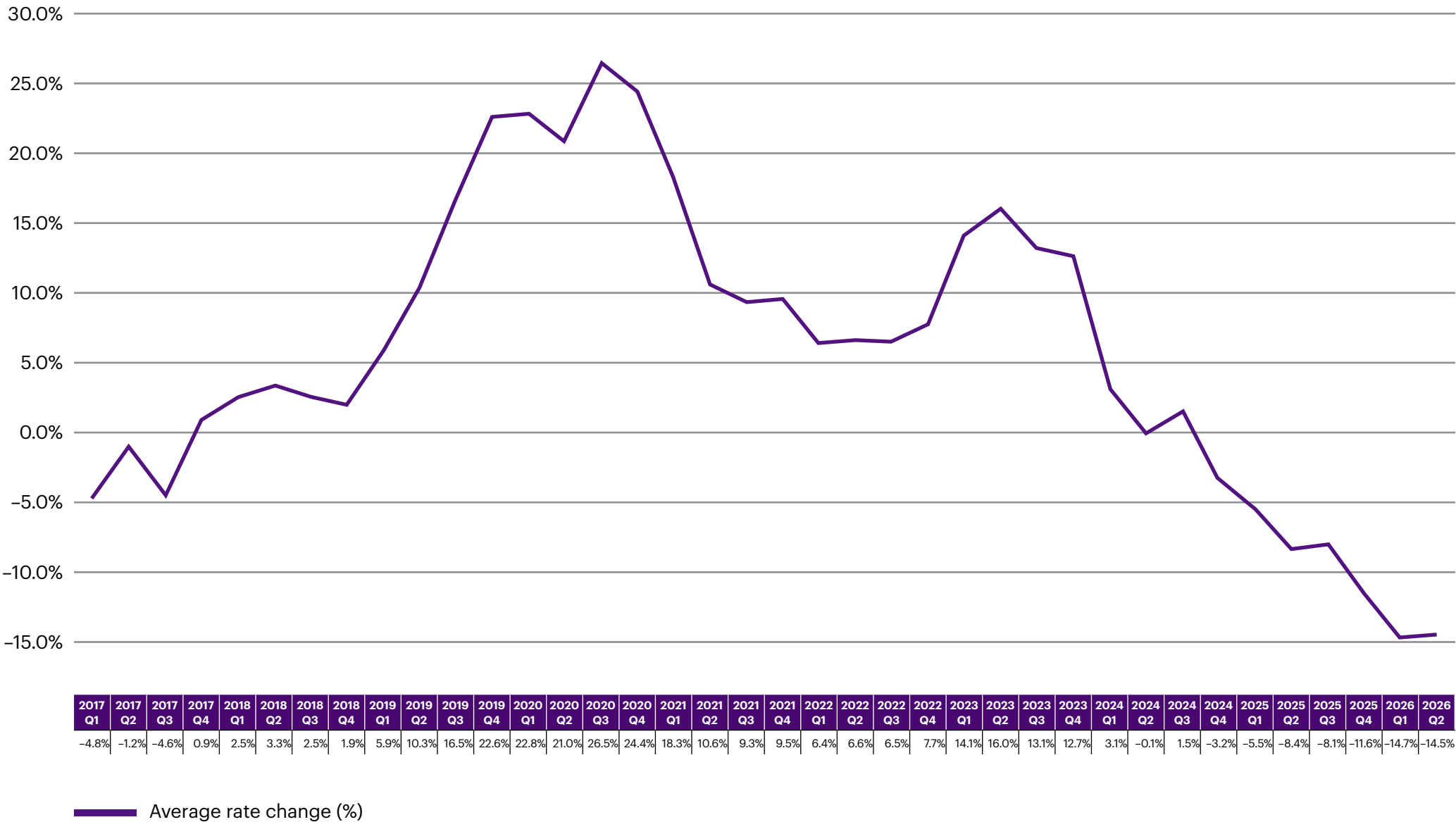
*Individual accounts may experience variable rate changes, depending on specific metrics, account losses and the combination of exposure and program structure characteristics.

Softening market

Downward pressure on property renewal rates continues to build across most segments. WTW’s Large and Complex property portfolio saw average composite Q2 2026 renewal rates decline 14.5%, compared with 8.4% in Q2 2025. The effect is most pronounced on shared and layered programs, which averaged reductions of 23.41% in Q2 2026 (versus 14.57% a year earlier) on placements with five or more carriers. Single carrier programs also saw increased compression, averaging 8.42% decreases versus 3.77% a year earlier. Insurers are increasingly willing to enhance terms, conditions, deductibles and wordings as competition intensifies.

The market trajectory has clearly reversed from the challenging period spanning Q1 2018 through Q1 2024. WTW’s proprietary benchmarking shows the large and complex property market ended 2025 at risk-adjusted rates roughly equivalent to 2022 levels and Q1–Q2 2026 results suggest rates are trending toward 2019 levels. Absent an extremely large CAT event (\$150 billion+), this trend is expected to continue through year-end, though underwriter discipline around technical rate adequacy should not be discounted.

Quarterly average (%) rate change

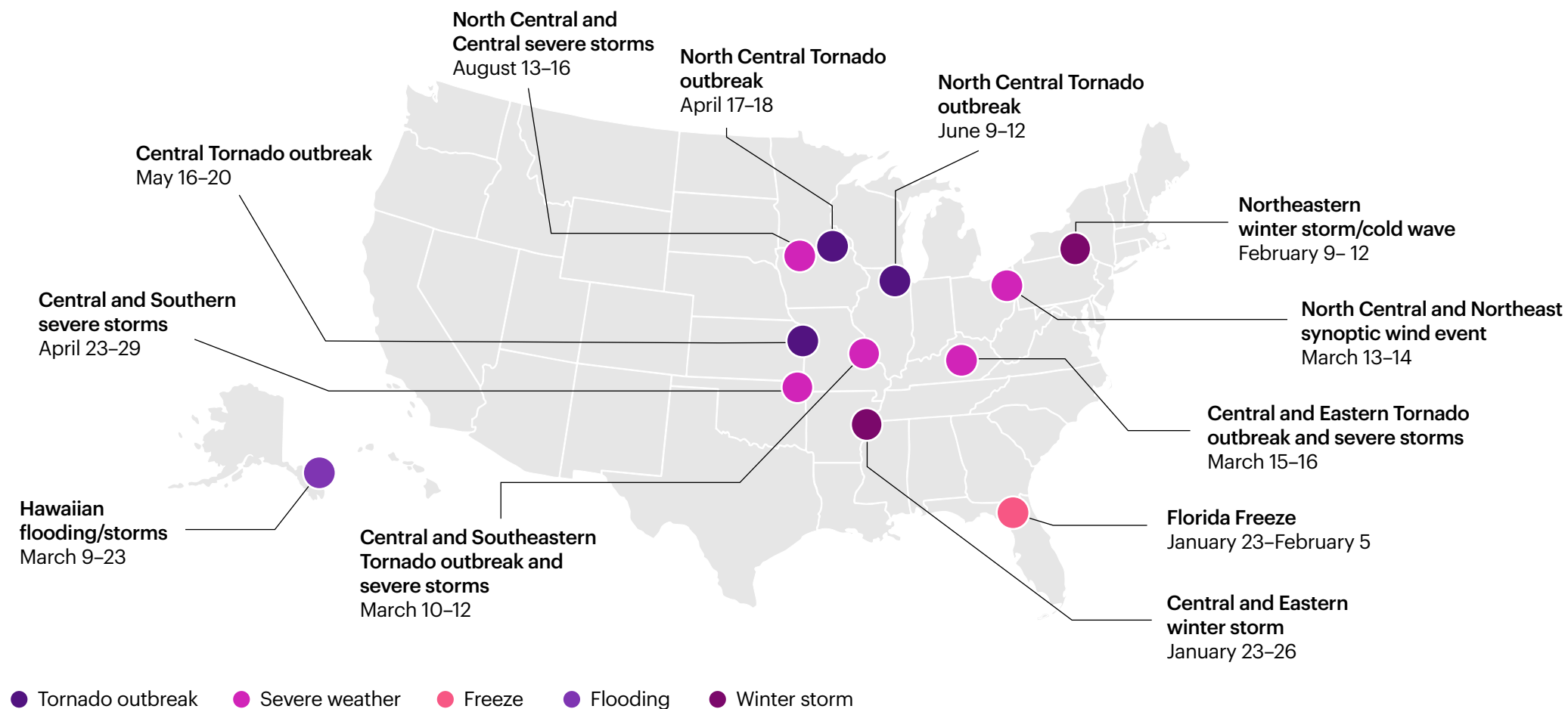


Source: Willis internal benchmarking data

Catastrophe activity

Global insured CAT losses reached \$107 billion in 2025 — the sixth consecutive year above \$100 billion — led by the LA wildfires (\$40 billion, the largest insured wildfire event on record) and severe convective storms (\$50 billion). H1 2026 losses totaled \$42 billion, the lowest first half since 2020, reflecting the absence of a repeat wildfire event and lighter SCS activity in Texas and the Southeast. TSR’s August forecast calls for a below-normal Atlantic hurricane season (10 named storms, four hurricanes, one major hurricane), with just one hurricane and three tropical storms expected to make U.S. landfall — but a quiet H1 does not guarantee a quiet year and a single major landfall could quickly tighten conditions.¹

U.S. 2026 billion-dollar weather and climate disasters



1. Jerome Jean Haegeli et al., Natural Catastrophes in 2025: The Persistent Rise of Wildfire and Storm Risk, Sigma 1/2026 (Swiss Re Institute, 2026), accessed August 26, 2026, [Swiss Re Sigma Report](#).

Reinsurance, profitability and valuation

Treaty reinsurance softening accelerated through each 2026 renewal date, with January 1 property catastrophe rate-on-line indices down 12–15% on abundant capacity² and reinsurers entering H2 2026 in strong financial health following a roughly 19% 2025 ROE.³ Most retail insurers reported 2025 combined ratios in the mid-80s to mid-90s, with 2026 trending similarly despite a handful of carriers posting combined ratios above 100%.⁴ Meanwhile, replacement cost inflation is reaccelerating in 2026 across major indices (ENR, FM Global, RSMeans, Marshall & Swift) after easing through 2024–2025, driven by U.S. tariff policy and Middle East — related energy and supply chain pressures — reinforcing the need for accurate, recently updated valuations.

Considerations for insureds

Insureds should weigh the trade-offs between incumbent carrier relationships and new market engagement, monitor hurricane season and supply chain/tariff-driven rebuilding cost inflation and consider parametric,

structured or captive alternatives to complement traditional placements. High-quality submission data remains key to risk differentiation and securing optimal terms in this environment.

Index	2019	2020	2021	2022	2023	2024	2025	2026
ENR — building cost index	1.74%	3.96%	13.94%	9.4%	2.9%	1.9%	2.8%	3.9%
FM Global — U.S. industrial buildings average	1.73%	1.42%	18.40%	11.1%	1.0%	1.0%	–0.6%	2.5%
RSMeans — 30 city average	2.05%	1.71%	15.83%	12.1%	1.9%	1.3%	0.1%	4.7%
Marshall & Swift — U.S. average	0.0% to 1.3%	3.0% to 6.1%	16% to 24.5%	11.1%	1.04%	1.2%	2.0%	3.4%

*Source — Willis internal data

2. Ben Dyson, “Jan. 1 Renewals Set Stage for Lower Reinsurance Prices in 2026,” S&P Global Market Intelligence, January 29, 2026, accessed August 26, 2026, [Jan. 1 Renewals Set Stage for Lower Reinsurance Prices in 2026](#).
3. L.S. Howard, “Cedents Find Competitive Market Conditions at Midyear Reinsurance Renewals: Brokers,” Insurance Journal, July 2, 2026, accessed August 26, 2026, [Cedents Find Competitive Market Conditions at Midyear Reinsurance Renewals: Brokers](#).
4. L.S. Howard, “Reinsurance Rates Continued Softening During April Renewals, Despite Iran War,” Insurance Journal, May 4, 2026, accessed August 26, 2026, [Reinsurance Rates Continued Softening During April Renewals, Despite Iran War](#).

WTW innovation

Willis is investing simultaneously in data enrichment, proprietary pricing intelligence and broking technology. The integrated model rapidly converts these capabilities into actionable, targeted placement solutions, giving clients differentiated access to capacity and stronger leverage in volatile markets.

- **Gemini:** Since launching in September 2025, Willis' Gemini facility has become a significant competitive advantage for WTW clients. Available capacity has expanded from 12.5% to 16%, increasing access to A+ rated auto-follow capacity while delivering a 2.5% premium discount to lead terms
- **Client Edge:** Since launching in August 2024, Client Edge has delivered a stable, competitive solution, closing 2025 (its first full underwriting year) with strong written premium and a 2% discount to clients on lead market premiums. Beazley Excess & Surplus capacity joined in March 2026 — a first-of-its-kind arrangement using U.S. paper rather than Beazley's traditional London capacity. H1 2026 premium is on pace to meaningfully exceed 2025's full-year total, with retention above 90%

Converts insight into structured capacity



Portfolio capacity solutions

Gemini

Global capacity

Global, multi-line auto-follow capacity across shared, layered and quota-share placements.

Client edge

Exclusive capacity

Exclusive, financially strong property capacity for WTW clients on an auto-follow basis.

Willis international property facility

London fast-follow

Fast-follow London capacity that reduces friction and multiple underwriting touchpoints.

North American property lineslip

U.S. portfolio capacity

One connected placement solution accessing Bermuda, London and D&F capacity for mid-sized U.S. risks.

Digital infrastructure protector

Digital infrastructure

Integrated construction and operations cover for data centre owners, operators and contractors.

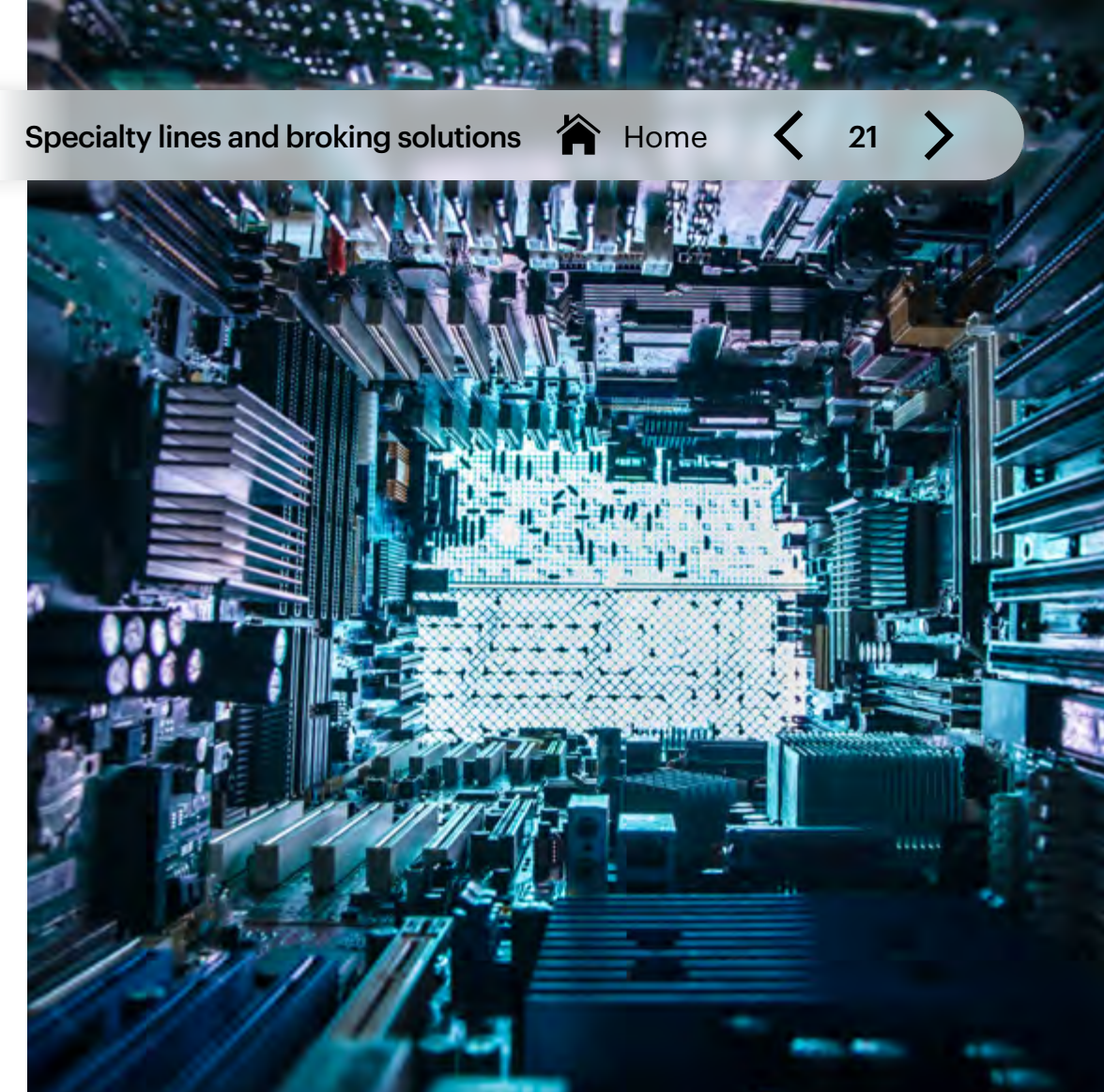
- **Other facilities:** the Willis International Property Facility (automatic, fast-follow London capacity powered by Neuron), the Deductible Buydown Facility (100% deductible buydown for loan-mandated deductible levels), Digital Infrastructure Protector (announced April 2026, an end-to-end lifecycle solution for data center owners and operators) and the North American Property Lineslip (for U.S. clients with TIVs under \$2 billion, offering automatic follow capacity up to \$60 million with Gemini triggerable for a further \$90 million)

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

Industry spotlight: Data center technology

WTW is at the forefront of developing bespoke insurance solutions for insureds across the full Data Infrastructure spectrum, including fully owned facilities, co-location sites, cloud providers, hyperscalers and tenants of those facilities. We partner with the leading carriers in this space to address increasingly complex and evolving exposures, developing manuscript wording tailored to each client's unique risk profile.

Our team of technology-focused brokers, loss control engineers and valuation experts brings deep experience across the various operating models within this sector. This expertise allows us to offer informed advice that helps our insureds better understand and manage their risk, support sound risk management decision-making and present their risk most effectively to the market — ultimately driving the most favorable terms and broader coverage.



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Large and Complex Casualty



Rate predictions

General liability

+2% to +10%

Umbrella liability (low/moderate hazard)

+3% to +12%

Auto liability (low/moderate hazard)

+8% to +15%

Umbrella liability (high-hazard/challenged class)

+8% to +15%

Auto liability
(high-hazard/challenged class)

+10% to +20%

Excess liability (low/moderate hazard)

+2% to +10%

Workers' compensation

-3% to +2%

Excess liability (high-hazard/challenged class)

+8% to +15%

Large and Complex Casualty

Key takeaways

Casualty pricing is stabilizing as competition and capacity improve, but severity trends, social inflation and litigation risks continue to drive disciplined underwriting, higher retentions and strategic program design.

01

Rate increases are moderating, especially in excess and umbrella liability, improving renewal predictability.

02

Workers' compensation remains the most stable line, supported by strong underwriting results and competition.

03

Social inflation, nuclear verdicts and adverse loss trends continue to pressure casualty underwriting.

04

Higher retentions and alternative risk financing remain key tools for managing total cost of risk.

Workers' compensation

Workers' compensation remains the most stable and competitive casualty line, supported by strong insurer appetite, ample capacity and favorable underwriting results. Carriers remain focused on medical inflation and rising claim severity.

Delivering its 12th consecutive year of underwriting profit in 2025, Workers' compensation posted a **95.3% combined ratio** and approximately **\$2.1 billion in underwriting gains**, outperforming other casualty segments.

While claim frequency declined by approximately **2%**, severity increased by **4%**, driven by medical inflation, wage growth, complex injuries, California cumulative trauma claims and emerging mental health/post-traumatic stress disorder (PTSD) exposures.

Workers' compensation



Auto liability

The commercial auto liability market remains challenging despite signs of rate stabilization. While average rate increases have moderated from peak hard-market conditions, insurers continue to report underwriting losses and remain focused on achieving long-term rate

adequacy. Loss frequency has largely normalized, but claim severity continues to outpace inflation due to escalating medical costs, larger bodily injury settlements and continued nuclear verdict activity. As a result, underwriting discipline remains strong, particularly for fleets with unfavorable loss experience, driver turnover concerns or limited safety controls.

As insurers seek greater differentiation among risks, telematics, predictive analytics and AI-enabled fleet management tools are becoming increasingly important components of the underwriting process. Carriers are placing greater emphasis on driver behavior monitoring, camera technology, accident-prevention programs and loss-control data when evaluating risk.

Auto liability





Organizations that can demonstrate a mature safety culture and leverage technology to improve driver performance are often achieving more favorable renewal outcomes than peers with similar exposures.

An emerging area of focus is expanding liability exposure for freight brokers, logistics providers and shippers involved in transportation procurement decisions. The Supreme Court's unanimous decision in [Montgomery v. Caribe Transport II, LLC](#) eliminated a key federal preemption defense previously available in certain jurisdictions and allows negligent carrier selection claims against freight brokers to proceed under state law. As a result, underwriters are increasingly scrutinizing carrier selection protocols, safety-monitoring procedures, documentation standards and contractual risk-transfer mechanisms. Transportation intermediaries that cannot demonstrate a disciplined and consistently applied carrier vetting process may face increased underwriting scrutiny, while organizations with robust governance, ongoing carrier oversight and well-documented selection procedures are likely to be better positioned as both litigation and insurance market standards continue to evolve.

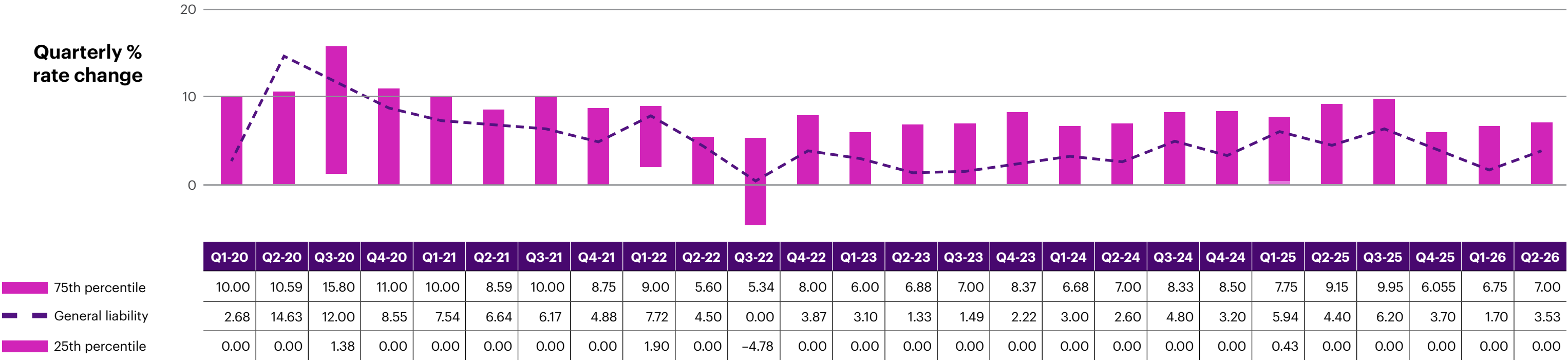
General liability

The general liability (GL) market is expected to remain relatively moderate with rates ranging from 2% to 10%+, despite ongoing adverse loss trends. Insurers continue to post significant general liability underwriting losses, while nuclear verdicts, rising tort costs, expanding third-party litigation funding and growing product and contractual liability exposures continue to drive claim severity higher. However, carriers have largely adapted to these pressures through disciplined underwriting, pricing and retention strategies rather than pursuing broad double-digit rate increases. For instance, Willis' average general liability rate change was 5.7% in 2025 even though the P&C industry posted \$12.3 billion in GL losses, yielding a 117% combined ratio. There has not been a quarter averaging double-digit increases since Q2 2020. The average primary GL limit increased from \$2 million to \$3 million from 2024 to 2025 while average retentions climbed to over \$1 million by 2024. Increased market competition, underwriting flexibility and insureds assuming larger retentions should continue to help stabilize overall program costs for well-performing risks even as average attachment points increase.

We continue to monitor significant court rulings and emerging liability theories, as today’s landmark cases often become tomorrow’s underwriting concerns. Recent developments involving glyphosate litigation, talc claims, a potential pharmaceutical "duty to innovate," and freight broker negligent hiring liability reflect the ongoing

expansion of product, contractual and third-party liability exposures. Tracking these developments helps identify emerging risks, anticipate potential coverage and underwriting changes and better understand where future claim severity may arise.

General liability



Excess liability

The U.S. excess casualty market is transitioning from the severe capacity constraints and widespread disruption of recent years toward a more selective and differentiated underwriting environment. While casualty remains one of the few commercial insurance segments exhibiting

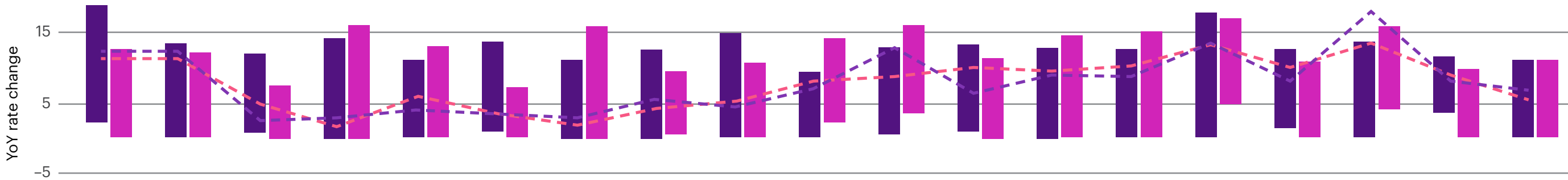
hard-market characteristics, rate increases have moderated compared to 2025. Carriers continue to contend with social inflation, nuclear verdicts, litigation funding, legal system abuse and adverse loss development. However, underwriting responses are increasingly targeted rather than broad-based,

with stronger risks benefiting from greater pricing and structural flexibility while distressed accounts continue to face underwriting scrutiny.

A key driver of this shift has been the return of excess liability capacity. New capital from broker facilities such as Willis’ Gemini, along with MGA growth across

Umbrella and excess rate change by quarter

Quarterly % rate change



	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26
Umbrella	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	13.3	9.2	5.6
Excess	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	17.9	7.8	7.0

The bars represent the middle 50th percentile. UM XS

Note: The average umbrella rate change for 2025 is 14.99 while the average for 2024 is 9.00. The average excess rate change for 2025 is 11.26, while the average for 2024 is 8.67.

the U.S., London and Bermuda markets, has helped offset carrier retrenchment. Although insurers remain disciplined in managing volatility and limit deployment, available capacity has improved. Carriers are increasingly spreading participation across multiple layers rather than deploying maximum limits on individual placements, reducing concentration risk while maintaining relevance within program towers.

As a result, the market remains firm but is becoming more sophisticated, analytics-driven and solution-oriented. Risk quality, loss experience, attachment point, industry sector and exposure transparency now play a larger role in determining outcomes. Clients continue to explore higher retentions, corridor structures, supported lead placements, captives, alternative risk transfer solutions and London-based facilities such as STABLE to manage pricing pressure. At the same time, underwriters are competing more aggressively for well-performing accounts that demonstrate strong loss control, telematics and risk management practices.

While casualty results and large-loss severity continue to challenge insurers, the influx of capacity has fundamentally altered market dynamics. The excess casualty market is evolving from a broad hard-market correction toward a more sustainable model characterized by disciplined underwriting, capital efficiency and customized risk financing solutions.

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Middle Market



Rate predictions

Property

–8% to +2%

Workers' compensation

–5% to +2%

General liability

+2% to +12%

Umbrella and excess liability

+5% to +15%

Automobile

+5% to +15%

*Trend shows direction versus the prior year. Ranges reflect the majority of well-managed middle-market accounts and are consistent with Q1 2026 market direction by line.¹ Loss-impacted, CAT (catastrophe)-exposed or auto-heavy accounts can fall outside these ranges.

1. CIAB Commercial Property & Casualty Market Index, Q1 2026 (property –5.5%, general liability +2.6%, umbrella +4.8%, commercial auto +5.8%, workers' compensation –3.7%; all-lines –1.2%), <https://www.ciab.com>

Middle Market

Key takeaways

The middle market segment remains bifurcated as we approach 2027: property and workers' comp continue to soften amid a competitive marketplace, while auto, general liability (GL) and umbrella remain pressured by social inflation and nuclear verdicts.

01

Property remains soft for well-managed risks; secondary perils and risk quality discipline shape outcomes.

02

Automobile remains the most pressured line as carriers struggle to stay profitable; *Montgomery v. Caribe* widens broker exposure.

03

Workers' compensation remains the stabilizer, though rising claims costs are beginning to narrow the underwriting margin that's kept rates falling.

04

General liability is becoming more competitive for well-managed risks, while umbrella and excess discipline hinge on attachments, capacity limitations and expanding exclusions; strong data and controls separate the best outcomes across both lines.

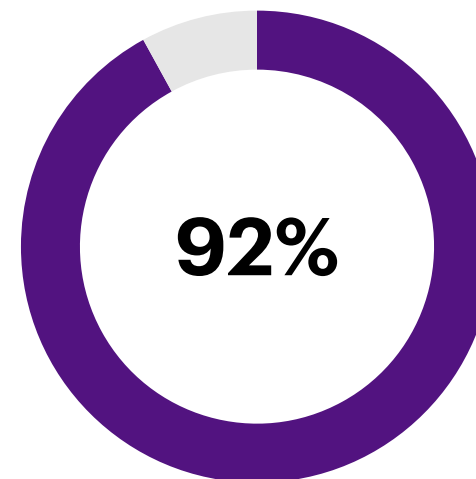
The 2027 middle-market marketplace is defined by competition on one side and discipline on the other. Property and workers' compensation remain buyer-friendly on abundant capital, while casualty lines stay pressured by social inflation, litigation funding and nuclear verdicts. Across every line, the organizations that bring clean data, strong controls and a clear risk story capture the best terms, which is where specialization increasingly decides outcomes.

Property

- Soft market conditions continue for well-managed, non-catastrophe risks: shared and layered placements see the greatest reductions, single-carrier and packaged accounts see more modest relief, and terms are easing even as discipline holds on water damage and wind/hail deductibles
- Secondary perils drove most 2025 insured losses and shape underwriting, with wildfire scrutiny rising; accurate valuations, realistic business-interruption assumptions and documented risk quality separate the best outcomes^{2,3}

- Tariff-driven inflation and supply-chain disruption are meaningfully impacting replacement cost and business income exposure, so it's important for clients to consider valuation trends at each renewal. Parametric solutions are being explored more frequently where buyers are facing increased deductibles

Exhibit 1. Secondary perils' share of 2025 U.S. insured losses.^{2,3}



Specialist view

Rapid data-center growth is pushing middle-market schedules from packages into shared and layered towers, sometimes mid-term. Coordinated construction-and-property broking via Willis' Global Digital Infrastructure Group can be a key differentiator in securing capacity.⁴

2. Climate Central, 2025 U.S. Billion-Dollar Weather & Climate Disasters, <https://www.climatecentral.org>

3. Swiss Re Institute, sigma natural catastrophe report, <https://www.swissre.com>

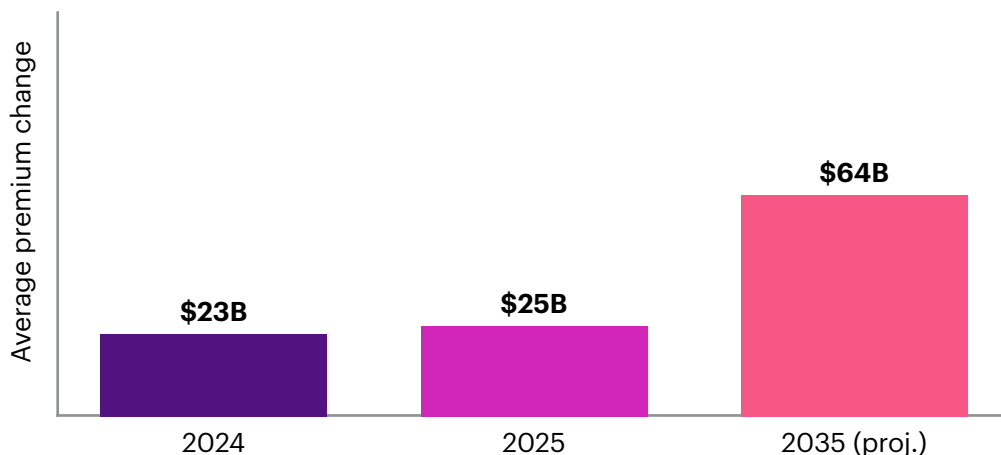
4. Willis, Global Digital Infrastructure Group launch, February 2026, <https://www.wtwco.com/en-us/news/2026/02/willis-launches-global-digital-infrastructure-group-to-address-full-spectrum-of-data-center-risks>

General liability

- General liability remains stable and competitive, though outcomes vary widely by industry, jurisdiction and loss history, as carriers use analytics to reward strong risk quality
- Carriers keep tightening cyber-related terms to limit silent cyber exposure, while harder-to-place risks such as sexual abuse and molestation and active assailants continue to find tailored capacity through London and specialty markets
- Plaintiff tactics like anchoring on inflated demands and appeals to jurors' fears keep pushing awards higher, so early claim evaluation, litigation analytics and disciplined settlement strategy matter more than ever

- Social inflation and litigation funding continue to drive severity, though 2026 tort reform is spreading: North Carolina has banned third-party litigation funding outright, while Oklahoma and Florida are tightening it^{5,6}
- Captives and other structured programs continue to gain traction among middle market buyers looking for more control over casualty volatility

Exhibit 2. Litigation funding investment market, estimated size.⁷



Specialist view

Generative AI exclusions are starting to be introduced, though many direct carriers are shying away from the industry entirely. Creative solutions via bespoke managing general agents (MGAs), London or structured programs will become more commonplace.

5. Insurance Journal, North Carolina litigation-funding ban (June 2026) and Oklahoma/Florida reform, <https://www.insurancejournal.com>

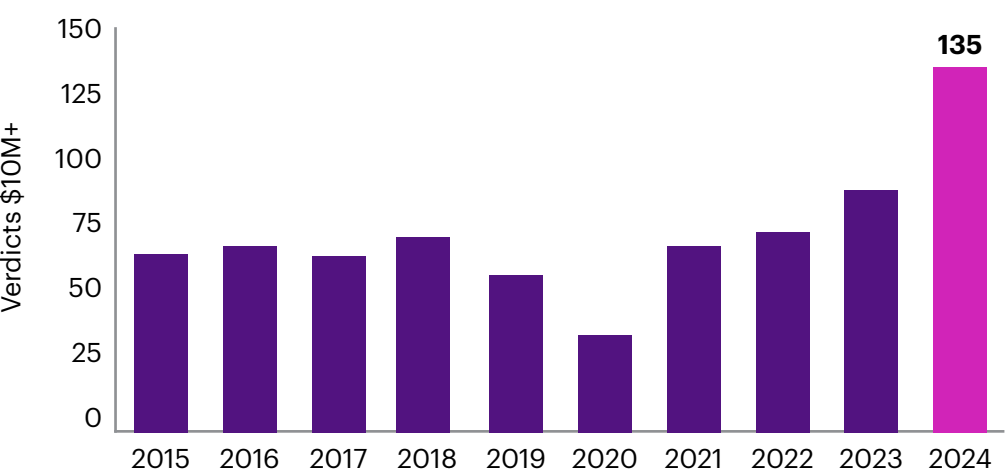
6. Institute for Legal Reform, U.S. tort costs and state tort-reform tracking, <https://instituteforlegalreform.com>

7. Market Research Future, Litigation Funding Investment Market (market-size projection)

Automobile

- Automobile remains the most pressured line (up 5.8% in Q1 2026) and consistently unprofitable, as nuclear verdicts and litigation abuse outrun years of rate, with median verdicts near \$51 million^{1, 6, 8}
- *Montgomery v. Caribe* allows state-law negligent-selection claims against freight brokers to proceed, widening contingent-auto and broker exposure⁹
- Outcomes are dependent on fleet size, class and data, and higher-risk jurisdictions face the steepest increases
- Telematics has moved from a nicety to a requirement for larger fleets, and higher retentions, corridors and attachment points are increasingly common; facultative capacity is selective for challenged fleets

Exhibit 3. Nuclear verdicts of \$10 million or more, annual count, 2015–2024.^{6, 8}



Specialist view

Predictive, data-backed fleet safety increasingly decides who earns capacity and terms, more recently supported by tech-based MGA/carrier solutions.

1. CIAB Commercial Property & Casualty Market Index, Q1 2026 (property –5.5%, general liability +2.6%, umbrella +4.8%, commercial auto +5.8%, workers’ compensation –3.7%; all-lines –1.2%), <https://www.ciab.com>
6. Institute for Legal Reform, U.S. tort costs and state tort-reform tracking, <https://instituteforlegalreform.com>
8. Marathon Strategies, Corporate Verdicts Go Thermonuclear (2025 edition), nuclear verdict frequency and severity
9. *Montgomery v. Caribe Transport II, LLC*, U.S. Supreme Court (May 2026), <https://supreme.justia.com/cases/federal/us/608/24-1238/>

Workers' compensation

- Workers' compensation is still the stabilizer, but the soft cycle is maturing: the 2025 calendar-year combined ratio was 91%, yet accident-year reached 102% and middle-market rates fell 3.7% in Q1 2026^{10, 1}
- Frequency continues to decrease while medical and indemnity severity rose about 4%; medical inflation,

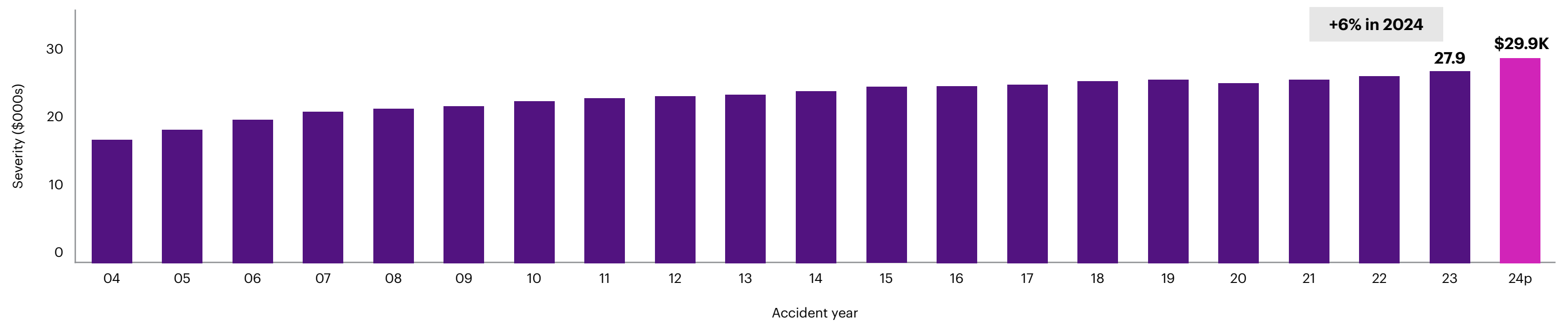
expanding presumption laws and jurisdictional pressure such as California are the themes to watch¹⁰

- Workforce dynamics, wage growth, higher turnover and first-year-employee injuries drive scrutiny in healthcare, hospitality and construction
- Captives and other structured programs are increasingly leveraged where volatility concentrates

Specialist view

Predictive analytics, monitoring and disciplined medical management sustain favorable outcomes as margins thin; GLP-1 drugs are an emerging comorbidity cost.^{11, 12}

Exhibit 4. WC average medical lost-time claim severity (\$000s) by accident year; severity rose about 6% in 2024.¹⁰



1. CIAB Commercial Property & Casualty Market Index, Q1 2026 (property -5.5%, general liability +2.6%, umbrella +4.8%, commercial auto +5.8%, workers' compensation -3.7%; all-lines -1.2%), <https://www.ciab.com>
10. NCCI 2026 State of the Line (2025 calendar-year combined ratio 91%, accident-year 102%; average medical lost-time claim severity), <https://www.ncci.com>
11. WCRI, injectable therapies in workers' compensation, 28-state study, <https://www.wcrinet.org>
12. Risk & Insurance, obesity drugs and workers' compensation claims, <https://riskandinsurance.com>

Umbrella and excess liability

- Umbrella and excess capacity remain available, but program design can be the challenge; nuclear verdicts and product liability keep discipline high, with rate pressure especially prominent on lead layers
- Unsupported lead markets continue to push on attachments. Risk purchasing groups increasingly require \$5 million-plus attachments, while traditional lead markets may require higher attachments for heavy fleets with increased premises liability exposure. Favorable risks can still secure lead capacity of \$10 million to \$15 million, while challenged risks are more likely to see lead capacity limited to \$5 million
- Exclusions are more commonplace for emerging risks (generative AI, cyber, per- and polyfluoroalkyl substances (PFAS), human trafficking etc.)
- Reductions in capacity tend to increase overall program pricing, as new partners introduce minimum premium limitations. Clients are encouraged to review contractual requirements and utilize benchmarking to determine ideal structure

Specialist view

London and automatic follow-form facilities, such as Gemini, help clients rebuild towers efficiently as we continue to see larger blocks of capacity cut back (e.g., \$25 million).

Industry spotlight: PFAS and forever chemicals

While this isn't confined to just one industry, PFAS litigation and exclusions are reshaping risk differently across the middle market segment. PFAS litigation and exclusions are reshaping risk differently across middle market. Manufacturers and suppliers face product- and pollution-liability claims tied to legacy use; consumer-product companies are seeing false-advertising suits over 'natural' and 'PFAS-free' claims; municipalities and public entities face AFFF-related litigation; and real estate and waste owners face tightening pollution-liability underwriting at transfer and cleanup.^{13, 14} Legacy policies may still respond, so securing affirmative or carve-back terms early is a priority across every one of these sectors.

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13. ISO general liability PFAS exclusion endorsement (introduced 2022) and businessowners exclusion BP 15 91 (effective 1/1/2024), <https://www.propertycasualty360.com>

14. Insurance Journal, "Underwriters Wary of PFAS Amid 'Superstorm' of Litigation, Regulation" (2024), <https://www.insurancejournal.com>

Canada Casualty



Rate predictions

General liability,
low/moderate risks
-10% to -5%

Umbrella/excess liability,
low/moderate risks
-10% to -5%

Auto liability
-5% to +5%

General liability,
high-hazard risks
-5% to flat

Umbrella/excess liability,
high-hazard risks
-5% to flat

* Abundant capacity and strong competition remain prevalent; however, concerns over long-term portfolio sustainability are expected to moderate further softening and reinforce underwriting discipline.

Canada Casualty

Key takeaways

The Canadian casualty market is expected to remain well-capitalized and competitive entering into 2027, but rising claim severity, emerging liabilities and litigation trends are reinforcing underwriting discipline and proactive risk management.

01

Abundant capacity and strong insurer results continue to support stable casualty pricing.

02

Underwriting discipline will become increasingly important if severity outpaces rate adequacy.

03

Commercial auto and transportation liability, broadly recognized as the most pressured casualty segment.

04

Emerging technology-related liabilities are expected to become an increasingly significant driver of future claims activity.

Canadian casualty insurance outlook

The Canadian casualty insurance market is expected to remain stable and highly competitive, supported by strong insurer capitalization, abundant capacity, an influx of specialized products and solutions and continued interest in profitable growth opportunities. Amid a soft market condition, insurers are increasingly focused on long-term portfolio sustainability while combating evolving legal, economic and operational risk environments. Organizations continue to face a broad range of loss drivers, including increasing litigation costs, supply chain complexity, technological dependency, workforce challenges and heightened stakeholder expectations.

Against this backdrop, insurers are becoming increasingly selective in how they deploy capacity, despite continuing to offer highly competitive pricing and broad coverage terms. While current market conditions support growth objectives and remain favorable for insureds, many insurers are balancing near-term expansion with a focus on long-term portfolio profitability and sustainability.

As a result, underwriting scrutiny is gradually increasing, with greater emphasis placed on risk quality, operational controls, loss history and an organization's overall approach to risk management. Insurers are increasingly seeking accounts that align with their future underwriting strategies and demonstrate a commitment to managing evolving exposures. Organizations that can clearly articulate their risk profile, leverage data-driven insights and proactively address emerging risks are expected to be best positioned to secure favorable insurance outcomes and maintain strong insurer support over the long term.

Emerging trends shaping the casualty landscape

As organizations become increasingly dependent on complex and global supplier networks, liability exposures are becoming more difficult to identify, allocate and manage. What was once considered an operational disruption can now result in contractual disputes, product liability allegations, regulatory scrutiny and reputational damage extending well beyond an organization's direct operations.

Consequently, insurers are placing an increased emphasis on supply chain transparency, vendor oversight and resilience planning when evaluating long-term risk quality.

Simultaneously, the rapid adoption of artificial intelligence, automation and technology-enabled decision making is reshaping professional liability exposures. Questions surrounding accountability, governance and the reliability of technology-driven outcomes are becoming increasingly relevant as organizations embed these tools within critical business functions. As the risk landscape evolves, insurers are looking beyond traditional loss experience and placing greater value on an organization's ability to demonstrate effective governance, oversight and adaptability in managing emerging risks.

Commercial auto continues to attract heightened underwriting scrutiny

Commercial auto-liability remains a key area of focus for insurers as they assess the combined impact of rising claims severity, increasing repair and injury costs and evolving regulatory developments. Adding further complexity, recent provincial auto reforms remain in the early stages of implementation, leaving considerable uncertainty regarding their long-term influence on claims outcomes and liability costs. While the ultimate effect of these changes remains unclear, there's growing expectation that new frameworks could contribute to increased liability exposure over time. In response, insurers are adopting a measured and disciplined approach, balancing growth objectives with sustainable underwriting performance rather than reacting to limited early results.

As the landscape continues to evolve, organizations will benefit from closer collaboration with their brokers, legal advisors and other subject matter experts to better understand emerging implications and evaluate strategic options. Increasingly, insureds may also need to coordinate more closely across their Health & Benefits, human resources, and Workers' Compensation functions to develop a holistic understanding of how employee injury, disability management, return-to-work programs and automobile insurance coverages interact. This integrated approach can help organizations make more informed decisions regarding risk financing, claims management, employee support and overall liability strategy.

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Canada Property



Rate predictions

Non-catastrophe-exposed
–5% to –15%

Catastrophe-exposed
–5% to –15%

Key takeaways

The property market remained awash in capacity throughout the first half of 2026, continuing the competitive market conditions from 2025, which have been fueled by softening reinsurance rates, benign losses and insurer underwriting profitability.

01

Rate reductions averaged between –5% to –20% in the first half of 2026, with greater rate reductions with a fulsome marketing exercise.

02

Scrutiny remains on high-hazard natural catastrophe and climate-driven weather exposures, including wildfires and convective storms.

03

The market is beginning to experience insurer consolidation.

04

Insureds continue to face volatility from economic uncertainty and supply chain challenges.

* Competition in the Canadian property insurance market is expected to persist, though the pace of rate reductions may begin to slow.

Competitive market conditions expected to continue into 2027

The Canadian property insurance market remains highly competitive, with double-digit rate reductions continuing across many sectors. Depending on insured values, loss experience, submission quality and program structure, reductions can be achieved into the 30%–40% range. Market capacity remains abundant as both domestic and international insurers actively seek growth opportunities, including for natural catastrophe-exposed risks. Underwriting profitability has remained strong, with Canadian insurers reporting half-year combined ratios generally ranging between 89% and 94%.¹

Many insureds have achieved both premium and program efficiencies by restructuring their insurance programs, including simplifying excess layers or consolidating capacity within a quota share structure. In addition, insurers continue to offer enhanced terms to secure participation on desirable risks, including increased sublimits, engineering fee allowances and

multiyear agreements that provide pre-negotiated rate reductions at future renewals. Insurers are also re-engaging with risks that were previously viewed as challenging, seeking to deploy capacity on primary layers and natural catastrophe-exposed placements, particularly where pricing remains most attractive.

Looking ahead, it remains uncertain whether recent consolidation within the insurance industry will reduce available market capacity and moderate current competitive conditions. Notable transactions include Definity’s acquisition of Travelers Canada, Wawanesa’s pending acquisition of Everest Canada and global deals such as Zurich’s acquisition of Beazley and Sompo’s acquisition of Aspen. While the market remains highly competitive today, the longer-term impact of these transactions on capacity, pricing and underwriting appetite is yet to be determined.

Natural catastrophes continue to draw insurer scrutiny

Canada continues to experience the majority of its natural catastrophe and severe weather events during the third quarter; however, the resulting loss activity remains concentrated within the Personal Lines sector, with a comparatively limited impact on the commercial property market. While 2026 has experienced fewer catastrophe events than the record-setting \$9.1 billion in insured natural catastrophe losses recorded in 2024, total losses for the year are still being assessed following severe flooding in Southwestern Ontario, convective storm activity in Alberta and wildfires across British Columbia.²

The recurring concentration of catastrophe activity during Q3 continues to place pressure on the Canadian insurance industry, as insurers manage elevated claims volumes, increased demand on adjusting resources and potential delays in site inspections and loss assessments.³

1. <https://www.insurancebusinessmag.com/us/news/breaking-news/intact-beats-q1-street-forecasts-with-91-3-combined-ratio-574399.aspx>.
 2. Frequency the story of 2026 NatCat season: Aviva Canada CEO [Canadian underwriter daily] Friday, August 14, 2026.
 3. <https://canadianunderwriter.ca/news/claims/b-c-wildfire-expected-to-spawn-influx-of-additional-living-expenses-claims>.

Emergency response efforts, safety concerns, road closures, evacuation orders and restrictions imposed by local authorities can further prolong the claims adjustment and recovery process.

In light of these exposures, insureds are encouraged to regularly review their insurance programs to ensure property values, coverage extensions, sublimits, business interruption limits and indemnity periods remain appropriate. Particular attention should be given to ensuring that business interruption coverage adequately contemplates the full period required to restore operations and return the business to pre-loss levels of activity.

Economic uncertainty persists

Economic uncertainty continues to influence consumer behavior, creating additional challenges for demand forecasting and long-term business planning.⁴ Tariff-related concerns continue to weigh on the Canadian economy, with certain industries experiencing a more pronounced impact than others. Insureds should closely monitor their supply chains and the cost of critical parts and equipment to ensure replacement cost valuations and program limits remain adequate in the event of a loss. In addition, site surveys and the timely completion of risk improvement recommendations remain important to enable insurers to deploy maximum capacity, particularly for organizations with large, complex or highly specialized exposures.

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4. https://www.ey.com/en_ca/insights/insurance/canadian-insurance-outlook-2026; <https://beinsure.com/news/insurers-faced-688mn-losses/>.



Bermuda



Rate predictions

Property (non natural
catastrophe-exposed)
-30% to -15%

Property (natural catastrophe-
exposed/loss free)
-20% to -10%

Casualty (low hazard,
loss free)
flat to +5%

Casualty (high hazard/
loss affected)
+5% to +20%

Directors and Officers
(D&O)/ Management liability
-10% to +5%

Cyber
-10% to +10%

Employment practices liability
flat to +10%

Professional and management liability
(Errors and Omissions (E&O), ML/EPL)
+5% to +15%

Wage-and-hour liability
+5 to +15%

Bermuda

Key takeaways

Bermuda enters 2027 with record capacity and underwriting discipline intact. Property pricing continues to soften, casualty outcomes increasingly depend on risk quality and financial lines remain stable despite growing divergence across products.

01

More than \$2.8 billion of property capacity is available, with the Class of 2026 now established across quota share, primary and excess layers.

02

Property reductions are slowing. Competition is moving to expanded coverage, lower attachment points and reduced retentions.

03

Casualty has split in two. High-hazard and loss-affected risks continue to pay more, while clean low-hazard business is approaching flat renewals.

04

Financial lines capacity held through consolidation, with two entrants expected in professional services and law firms.

Bermuda entered the second half of 2026 with more capacity deployed across more lines than at any point in the market's history and with underwriting discipline that has so far held. Those two conditions are producing different outcomes by class rather than a single market direction. Where capacity exceeds demand, as in property, competition has moved past rate and onto structure. Where loss cost is still moving, as in casualty, additional capacity is moderating the pace of increase without reversing it.

Property

Q2 2026 saw continued softening as competition to write premium increased. Well-performing non-CAT business achieved reductions of 15% to 30%, and CAT-exposed loss-free accounts secured decreases of 10% to 20%, depending on perils covered and attachment level. Loss-impacted CAT-exposed risks saw more moderate reductions, though decreases remained achievable in select cases. The pace of reduction is likely to slow through the balance of the year, with competition pivoting toward policy enhancements such as expanded coverage and lower retentions. Over \$2.8 billion of Bermuda capacity supports this, and carriers are increasingly flexible in how they deploy it, often willing to support stretched limits, lower attachment points and increased CAT coverage. The Class of 2026 entrants have established themselves across quota share, primary and excess layers. Bermuda continues to differentiate on its ability to provide consistent capacity across an entire program, particularly for large excess limits.

Casualty

The excess casualty market grew in both rate and revenue through the first half of 2026, though the pace of rate increase is levelling out. High hazard and loss-affected business continue to see increases of 5% to 20%, driven by loss experience, severity trends, exposure change and sustained focus on pricing adequacy. Low hazard business without losses is generally seeing increases of 0% to 5%, with some accounts approaching flat renewals where the risk profile remains favorable. Capacity is readily available. Incumbent carriers are looking to hold or increase their positions while pursuing new accounts and new capacity is contributing to competition on the better-performing segment of the market. The market is now visibly two-tiered, with risk quality, loss experience and exposure characteristics determining renewal outcomes to a degree not seen in several years.

Financial lines

The Financial lines market remains stable and competitive, with growing divergence by product. Directors and Officers (D&O), Cyber and FI Blends are stabilizing after a prolonged soft cycle, with renewals flat to modestly down. The Bermuda TL market continues to build momentum, with meaningful capacity across Contingent, Tax and emerging RWI opportunities; Arch is leading Tax/RWI with lines up to \$25 million, while Arcadian and AmTrust are driving Contingent, with broader carrier appetite continuing to develop alongside a disciplined focus on rate adequacy and attachment. Employment Practices Liability (EPL), wage and hour and professional liability face greater pressure from claims frequency and severity, with California exposures and class action activity particularly challenged. Capacity has remained consistent through recent consolidation, at approximately \$250 million for D&O and \$135 million for Cyber, and two new markets are expected in Q3 and Q4 with a focus on professional services and law firms where replacement capacity is needed. FI Blends renewals are running close to flat and Bermuda remains a core market for the class, with a long history of stable capacity through the cycle. CyProtect Bermuda 2.0 is expected in H1 2027, refreshing the excess follow-form wording and Bermuda-specific coverage enhancements.

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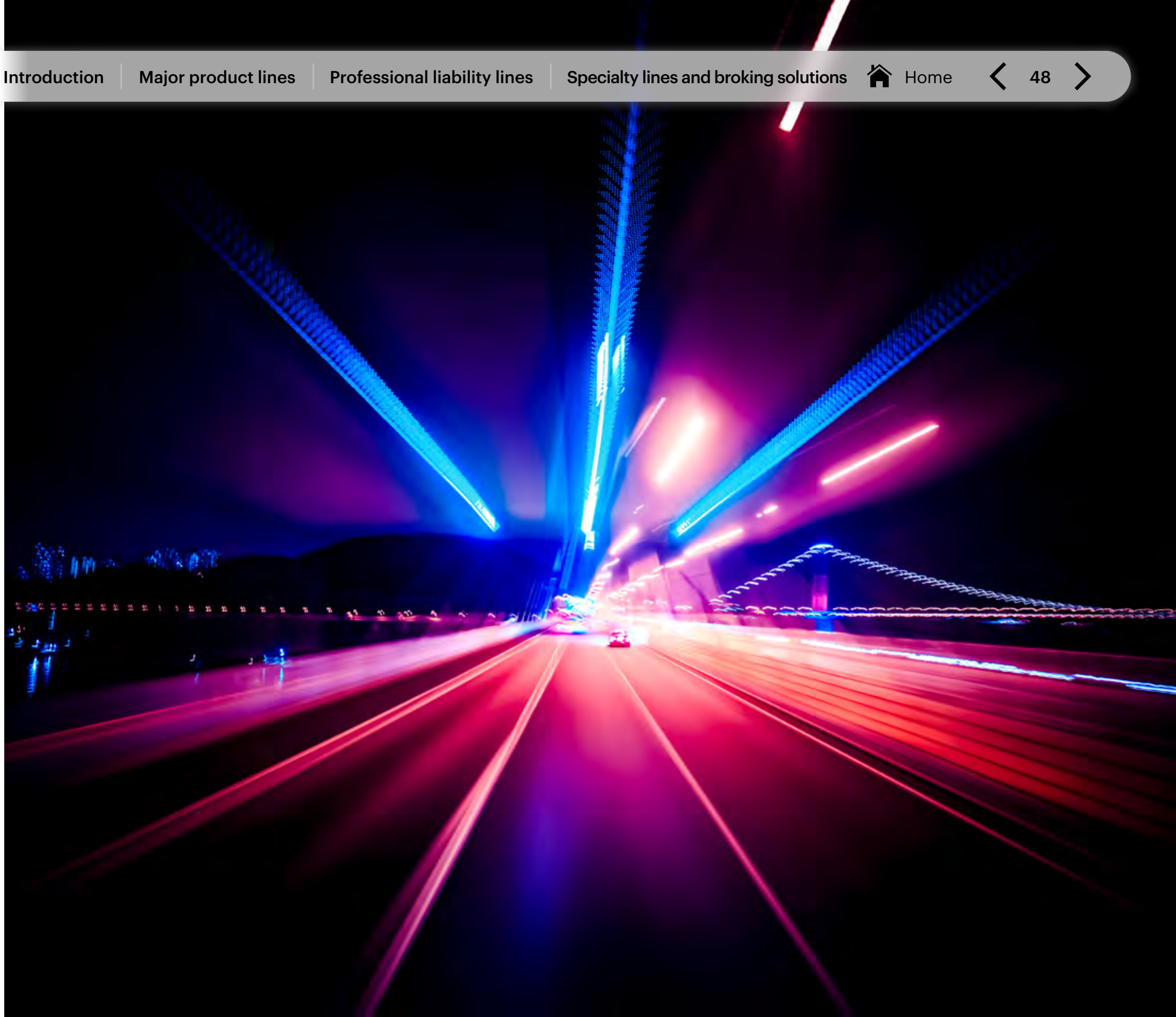
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Professional Liability Lines



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



Cyber Risk



Directors and
Officers Liability



Employment
Practices Liability/
Wage and Hour



Fidelity and Crime



Fiduciary Liability



Financial
Institutions — FINEX



Lawyers
Professional
Liability



Rate predictions

Cyber
-5% to +5%

Cyber Risk

Key takeaways

While ample market capacity continues to keep cyber rates competitive, the intensification of AI-driven threats, ransomware attacks and privacy exposures is prompting organizations to recalibrate baseline assumptions around coverage adequacy and limit needs. Buyers should consider reinvesting potential premium savings into higher limits and tailored coverage solutions, particularly as policy breadth varies by insurer and client risk profile.

01

Despite elevated cyber risks, favorable market conditions continue to create opportunities for buyers to enhance their cyber insurance programs through broader coverage, optimized program structures, higher policy limits and investments in long-term resilience.

02

AI is accelerating both business innovation and resulting cyber risk, making it critical for organizations to assess how emerging AI-related exposures align with existing insurance coverage.

03

Ransomware remains a leading driver of cyber losses, with data exfiltration and AI-enabled attack capabilities increasing the potential for significant financial and operational impacts.

04

Continued intensification of privacy non-compliance and wrongful collection risks underscore the importance of carefully evaluating variances in policy language and assessing coverage needs that reflect evolving data usage and governance exposures.

The cyber insurance market remains favorable for many buyers, with abundant capacity and sustained carrier competition keeping rates generally competitive. The projected range of -5% to +5% reflects a broadly stable environment, although results will vary by industry, loss experience, controls and exposure profile. Willis' client experience in the first half of 2026 confirms that average rates remained negative, with more pronounced decreases observed in the excess layers.

Buyers may still have the opportunity to enhance their insurance programs through 2026, although signs of rate moderation are emerging across certain cyber insurers and classes of business. Program enhancements extend beyond immediate price savings, however. Forward-looking organizations can capitalize on the current market environment to optimize their insurance programs for long-term sustainability and more effectively address emerging risks and loss scenarios.

As outlined in our recently published [Cyber Claims in Focus report](#), Willis suggests the following steps can help insureds derive greater value from cyber insurance:

- Use the cyber insurance underwriting process to drive discipline and governance, rather than approaching it as a tick-box exercise
- Align your policy coverage with your real risks, rather than assumptions
- Align your policy limits with your financial exposures
- Integrate cyber insurance into your incident response and continuity planning and testing
- Maximize pre-loss risk management services to improve your cyber resilience

Rather than treating premium reductions as a simple budget-saving measure, buyers should consider reinvesting potential savings in tailored coverage, higher limits and cyber risk controls and governance practices that insurers are increasingly prioritizing. These investments may deliver greater long-term value as the underlying cyber threat landscape continues to increase in both severity and complexity.



Impact of artificial intelligence

Artificial intelligence is creating a two-sided challenge. Organizations are adopting AI to improve productivity and decision making, but these applications can introduce new vulnerabilities, expand data-governance concerns and increase dependence on third-party technology. At the same time, threat actors can use AI to accelerate reconnaissance, create more convincing social-engineering campaigns and identify exploitable weaknesses at greater scale.

From a [claims standpoint](#), “AI isn’t yet appearing as a stand-alone driver of cyber insurance claims, but is fueling risk volatility by materially amplifying existing threats such as social engineering and ransomware attacks.” AI will also continue to increase concerns around privacy and the management of confidential information, including third-party data.

While the mere involvement of AI in an incident does not automatically determine whether coverage applies, the rise of AI-related cyber incidents reinforces the need for forward-looking scrutiny of cyber policy wordings. [In the current marketplace](#), “most cyber policies don’t tend to distinguish between AI-enabled and non-AI-enabled events and typically don’t feature AI exclusions. Whether an AI-related event triggers a cyber insurance policy depends on whether it creates a covered cyber incident.” Policyholders should therefore evaluate whether existing policy wording and coverage provisions adequately address both current and planned AI use cases.

As organizations accelerate AI adoption, [risk managers should](#):

1. Evaluate how AI is being deployed across the business
2. Identify the financial losses that could realistically arise from AI-related incidents
3. Assess whether those losses fall within existing cyber coverage
4. Consider whether additional insurance protection is required to address identified gaps



Ransomware as a continuing threat

Ransomware remains one of the most significant drivers of cyber loss. [Our global claims data suggests](#) that “ransomware is the highest-severity risk in our dataset and one of the most expensive categories of all cyber events. It’s also impacting organizations large and small.”

Beyond first-party expenses and business interruption losses, the growing prevalence of data exfiltration can create substantial privacy and regulatory exposures, further amplifying the financial severity of ransomware events. AI may further increase the speed, efficiency and reach of attacks, enabling threat actors to exploit vulnerabilities and target organizations more effectively. Large-scale or systemic events may exceed the assumptions used when limits were originally purchased. Buyers should model realistic scenarios, evaluate dependent-business and vendor exposures, review waiting periods and any applicable sublimits and consider whether current insurance towers can absorb both a major event and related follow-on costs.

Privacy non-compliance and wrongful collection

Privacy exposure adds another layer of complexity. Regulatory non-compliance, improper data collection practices and evolving expectations around the use of personal information can result in investigations, litigation and remediation costs. Although robust privacy coverage is generally available, policy language varies substantially across insurers.

Coverage breadth may depend on factors such as an organization’s industry, loss history, business practices and the quality of underwriting information provided. Clear and comprehensive submissions can help underwriters better understand an organization’s risk management practices and may support more favorable coverage terms. When evaluating privacy and regulatory coverage offerings, buyers should carefully review applicable definitions, exclusions, consent-related requirements and the interplay among privacy, media and cyber coverage provisions.

In closing

Overall, competitive market conditions should not be conflated with declining risk. The most effective strategy is to convert favorable pricing into greater resilience: align limits with credible loss scenarios, tailor coverage to the organization’s risk profile, strengthen controls and present underwriters with robust risk information. These actions can help ensure organizations derive greater value from their cyber insurance programs and that coverage remains fit for purpose as AI, ransomware and privacy threats continue to evolve.

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Directors and Officers Liability



Rate predictions

Public company

Primary ABC

flat to +2%

Excess ABC

flat to +5%

Side A DIC

flat

Private company

Primary ABC, Excess ABC,
Side A DIC

flat to +5%

Directors and Officers Liability

Key takeaways

The rate environment has stabilized, with most insureds seeing flat to low single digit increases through the end of 2026 and into 2027. Markets are signaling increased pressure for rate corrections, especially for large-cap, high-growth companies and underpriced excess layers.

01

Public: The market remains competitive, with the abundance of capacity moderated by continued pressures toward rate stabilization.

02

Private: Stable risk profiles continue to see enhanced competition, with a floor of flat renewals and potential decreases when marketed.

03

Limit adequacy assessments should be top of mind amid rising legal defense costs, social inflation and escalating litigation trends.

04

Where insurers may resist favorable pricing, policyholders should consider opportunities for enhanced coverage.

Developments and market drivers to watch

• Securities class actions (SCAs)

- SCA filing activity increased in the first half of 2026, with 121 new filings, exceeding historical half-year averages. SCA settlement activity also increased during the first half of 2026, with median settlements increasing from \$17 million to \$20 million year on year
- In July 2026, the Fourth Circuit in *State of Rhode Island Office of the General Treasurer v. The Boeing Company* reversed class certification, holding that the plaintiffs failed to satisfy the requirements of *Comcast Corp. v. Behrend* because they did not present a sufficiently specific, non-speculative class-wide damages methodology tied to their theory of liability. Comcast related to antitrust allegations; the Fourth Circuit’s extension of this type of damage-theory pleading burden to SCAs is arguably in conflict with the Second Circuit’s decision in *Waggoner v. Barclays PLC*. Consequently, at least in the Fourth Circuit, securities defendants may now finally have an argument to successfully challenge class certification

- In June 2026, the Second Circuit in *Huey v. Anavex Life Sciences Corp.* signaled heightened scrutiny of loss causation pleadings, potentially increasing dismissal risk where alleged losses do not closely align with corrective disclosures or can be attributed to broader market movements

- **Regulatory enforcement activity:** Regulatory enforcement activity declined materially since the administration transition in January 2025. The SEC initiated 56 enforcement actions against public companies and subsidiaries in FY 2025 ending September 30, 2025, with only four actions brought under the new administration. Total monetary settlements were approximately \$808 million, substantially below prior years and less than half the average annual total recorded during FY 2016–24

Artificial intelligence as a D&O risk

AI-related securities class action activity continues to accelerate. *Cornerstone Research* identified 15 AI-related filings in the first half of 2026, nearly equaling the 16 filings recorded during all of 2025 and placing 2026 on pace for a record year of AI-related securities litigation.

Recent filings, however, reflect a broader range of disputes, revealing a shift from earlier “AI washing” claims focused on alleged overstatements of AI capabilities and use toward cases alleging that companies failed to adequately disclose AI-related risks.

Macroeconomic conditions

Ongoing economic and geopolitical uncertainty continues to challenge corporate planning and performance. Market volatility, global hostilities, trade policy and tariff shifts, inflation concerns and monetary policy uncertainty may affect operating results and forward-looking guidance, increasing the risk of disclosure-related claims and governance scrutiny.

Cyber/privacy

Significant cyber incidents can negatively affect corporate value, operational performance and stakeholder confidence, increasing scrutiny of board oversight, disclosure practices and regulatory compliance. As cybersecurity becomes more closely linked to enterprise risk management, investors, regulators and other stakeholders continue to focus on how organizations identify, manage and disclose cyber-related risks.

Bankruptcy/insolvency

Commercial Chapter 11 filings reached 4,589 in the first half of 2026, a 28% increase from the first half of 2025, continuing the upward trend that followed pandemic-era lows. Rising financing costs, liquidity pressures, sector-specific challenges and broader economic uncertainty continue to contribute to restructuring and insolvency activity.

IPO activity

Public offering activity rebounded in the first half of 2026, with issuance levels exceeding those seen during the same period in 2025. Nevertheless, economic and geopolitical uncertainty may moderate IPO activity in the second half of the year and into 2027.

Underwriting appetite for IPO risks remains strong, with abundant market capacity supporting favorable coverage options. Pricing for many IPO risks is generally more competitive than the broader D&O market, although terms, retentions and underwriting requirements continue to vary based on company-specific risk characteristics.

ESG

Although ESG has become a less prominent theme in the United States, climate-related disclosures, sustainability reporting and human capital management remain important areas of focus globally. Regulatory developments in jurisdictions outside the U.S., particularly those relating to climate and sustainability disclosures, continue to influence corporate governance, disclosure practices and board oversight.

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Employment Practices Liability/ Wage and Hour



Rate predictions

Employment practices liability (domestic and Bermuda)

flat to +5%

Wage and hour

+5% to +15%

Key takeaways

The EPL market remains stable and competitive. New exposures like AI, a changing EEOC landscape, nuclear verdicts, a patchwork of state laws, alongside traditional EPL claims are pushing the market toward more steady increases in the next 12 to 18 months.

01

AI use in employment decisions creates a new avenue of exposure for traditional EPL claims alongside state laws governing AI in the workplace.

02

While the EEOC's "New Enforcement Plan" makes notable changes to its enforcement priorities, federal and state laws remain intact.

03

Nuclear verdicts and the increase in the value of EPL claims over the past several years are putting pressure on the EPL market.

04

Expanding statutory protections at the state level provides broader protection for employees and are often the driver of EPL claims.

Competition and capacity remain strong in the EPL market, keeping rates at flat to +5%. However, some carriers have been applying more significant increases as claim frequency and severity increase. Looking ahead, the EPL market will see more steady increases across the board with more significant increases in high-risk jurisdictions and industries.

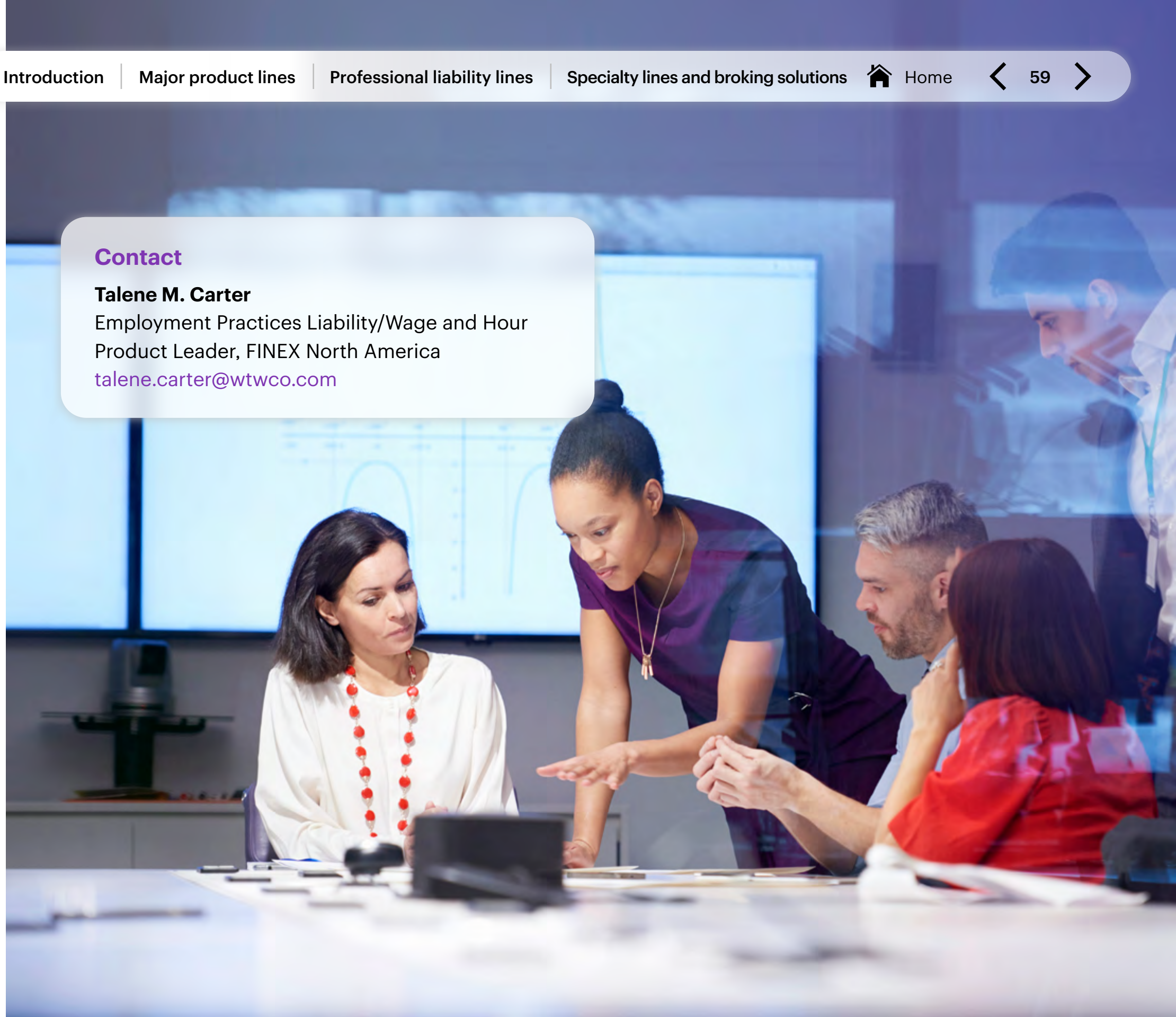
- Limits: As the claims environment becomes increasingly more challenging, carriers are managing their limits on any given risk. Capacity remains stable to obtain excess limits to fill in those gaps
- Coverage: Despite emerging exposures, like AI, coverage remains intact
- Underwriting focus areas: Primary focus continues to be headcount, industry and location. Underwriters are also focusing on AI usage in the workplace, company approach to DEI, managing EPL exposure amidst new EEOC enforcement priorities and compliance with state pay transparency laws

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Fidelity and Crime



Rate predictions

Commercial
(private and public)
flat

Financial institutions
flat

Key takeaways

Market conditions remain favorable, even as underwriters navigate an increasingly complex and evolving threat landscape. While competitive pricing is available, insureds often balance price gains with broader coverage, quality claims-handling and consistent pricing and service.

01

The growing use of AI is elevating fraud risks by enabling more sophisticated attacks and expanding the scale of potential targets.

02

Interest in digital asset coverage continues to grow as traditional financial institutions are increasingly engaging with digital assets.

03

Long-term agreements and/or guaranteed renewal provisions are being used on occasion to lock in stable pricing and relationships.

04

Integrated solutions (e.g., cyber, E&O and crime) are emerging to provide clear, consistent coverage across interconnected risks.

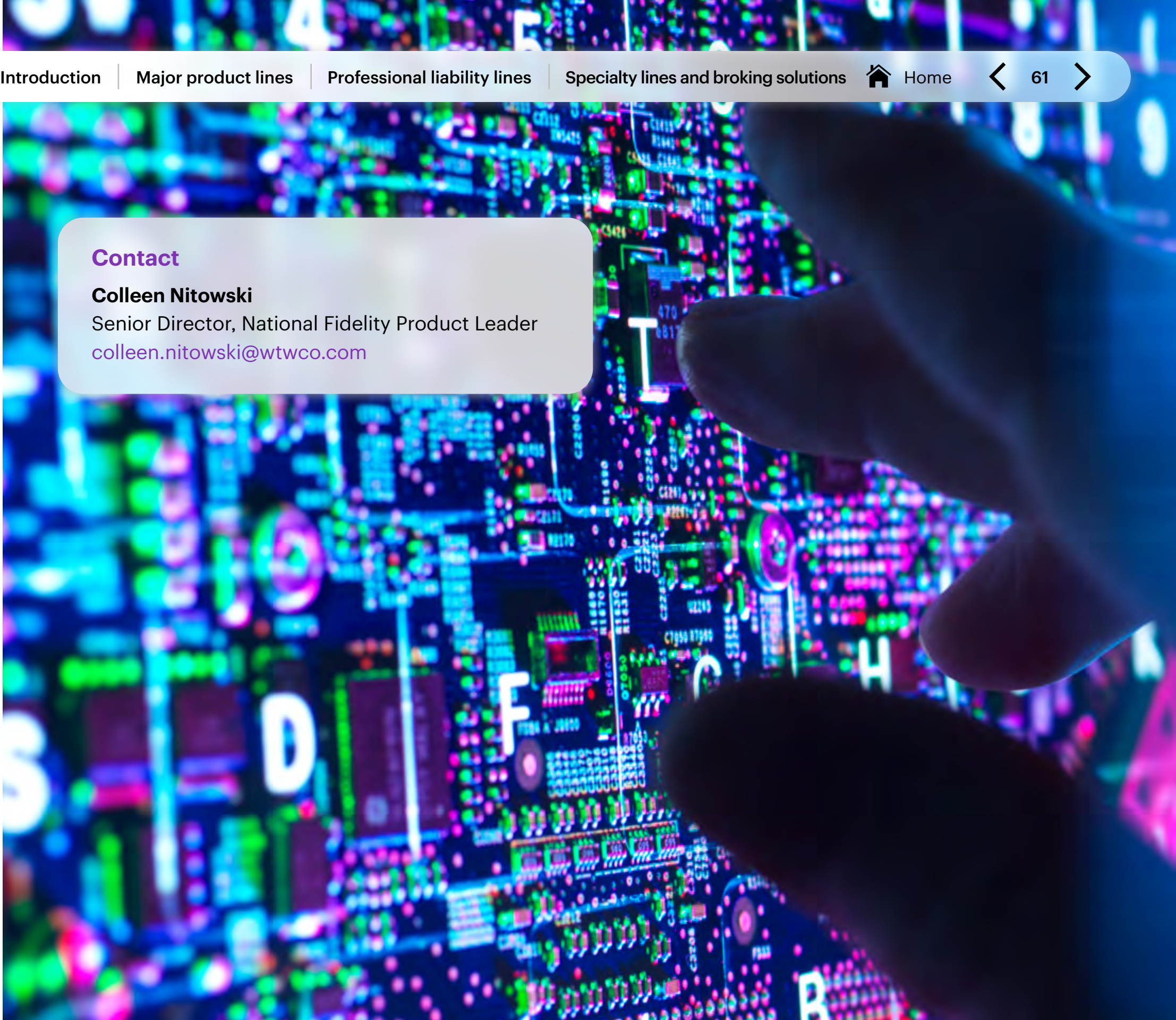
As technology continues to advance at an unprecedented rate, businesses are increasingly leveraging innovations such as AI and blockchain to drive efficiency and strengthen their competitive edge. While digital asset exclusions have become increasingly common, requiring specific negotiation when exposure exists, the approach to AI has been different. To date, U.S. insurers have not imposed any AI exclusions and have maintained that coverage will continue to respond, regardless of whether AI played a role in the underlying event.

As FBI cyber official [Jose Perez](#) noted,

// **It has never been more important to be diligent with your cybersecurity, social media footprint and electronic interactions.** //

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Fiduciary Liability



Rate predictions

Retirement plan assets <\$50 million

flat to +5%

Financial institutions

flat to +5%

Retirement plan assets >\$50 million

flat to +5%

Key takeaways

Despite regulatory flux and mixed rulings, strong competition will keep renewals flat into 2027. Capacity remains ample but with substantial class-action retentions. Reduced DOL enforcement balances class action volume to support market stability.

01

Enhanced retentions are shifting from prohibited transaction/excess fee only toward all mass/class actions.

02

Best results if frequent benchmarking, little revenue sharing, no retail shares, clear plan forfeiture language and no tobacco surcharge.

03

Despite Supreme Court's **Cornell** case lowering the bar for prohibited transactions, judges and legislators have taken steps to rein in class actions.

Developments and market drivers to watch

Excessive fee/imprudence class actions

Only one true excessive fee class action was filed in Q1 2026, but there were 32 investment prudence cases (a category often miscategorized as excessive fees). After mixed decisions from appellate courts as to whether they require pleading “meaningful benchmarks” for comparison, the Supreme Court will consider the issue in the Intel case, with the DOL submitting briefs supporting defendants. Settlement medians in 2025 were down to \$1.6 million.

Forfeiture class actions

Although nearly 100 class actions have been filed in the past three years challenging the use of unvested company match funds to defray future plan contributions instead of reducing participant expenses, only six cases were filed in Q1 2026. Most cases have been dismissed, and the DOL has now submitted multiple briefs in support of the defendants. Still, settlements have been as high as \$9.6 million and \$42 million.

Other types of class actions

Other class actions persist, especially cases challenging whether tobacco surcharges are administered in a non-discriminatory way (18 in Q1 2026). Other claims arise from pension risk transfers to allegedly risky third parties, and the use of outdated mortality tables to calculate lump sum retirement benefits, which are allegedly not actuarially equivalent. Three class actions alleging excessive fees for prescription drugs have been filed; two were dismissed and appealed, one survived.

Newest type of class action targets voluntary benefit programs

Plaintiffs in four cases so far have sued plan sponsors and benefit advisors. Plaintiffs contend that the voluntary benefit programs are welfare benefit plans that don’t qualify for a regulatory safe harbor and that there has been self-dealing.

The Supreme Court decision in favor of plaintiff in the Cornell case

In a unanimous decision, the Supreme Court reversed the Second Circuit’s dismissal of a prohibited transaction claim against Cornell University. Despite expressing reservations about the bar-lowering effect of their decision, all justices found that plaintiffs didn’t have to plead the absence of a relevant exemption.

Aftermath and backlash after the Cornell decision

Since the decision, courts have followed the Supreme Court’s suggestions to dismiss claims based on lack of standing, have ordered Rule 7 pre-discovery briefing and have entertained fee-shifting against plaintiff lawyers. In addition, Congress is considering a bill which would raise the pleading bar and possibly delay discovery until after a decision on a motion to dismiss.

Two defendants succeed in defeating class certification

Recently, the [Fourth](#) and [Ninth](#) Circuits have each reversed certification of ERISA class actions, finding irreconcilable conflicts in the proposed classes. These decisions could be very helpful to defendants, since historically [fiduciary classes are certified in 95% of cases](#).

ESG claims on both sides

An airline was accused of being too ESG-focused, resulting in a [finding of liability but no damages after a bench trial](#). Meanwhile, at least one class action has alleged a breach of ERISA fiduciary duty for failing to consider climate change risks, alleging that [investment in a carbon-intensive fund](#) exposed the plan to climate-related regulatory and physical risks.

Department of Labor/EBSA downsizing, shifting priorities

EBSA proposed a cut of \$10 million and 47 employees for 2026 and is expected to be less aggressive in its enforcement efforts.

Executive orders reveal administration priorities

The [administration has indicated](#) that it will encourage more private equity and other private market investments in retirement plans and [loosen restrictions on crypto](#), while [discouraging ESG investing](#).

AI and fiduciary liability

Since a successful fiduciary defense requires a well-documented process, understanding, [documenting and defending how AI is being used and monitored presents new challenges](#). Meanwhile, [plaintiffs are using AI to mine data and find potential class action claims](#).

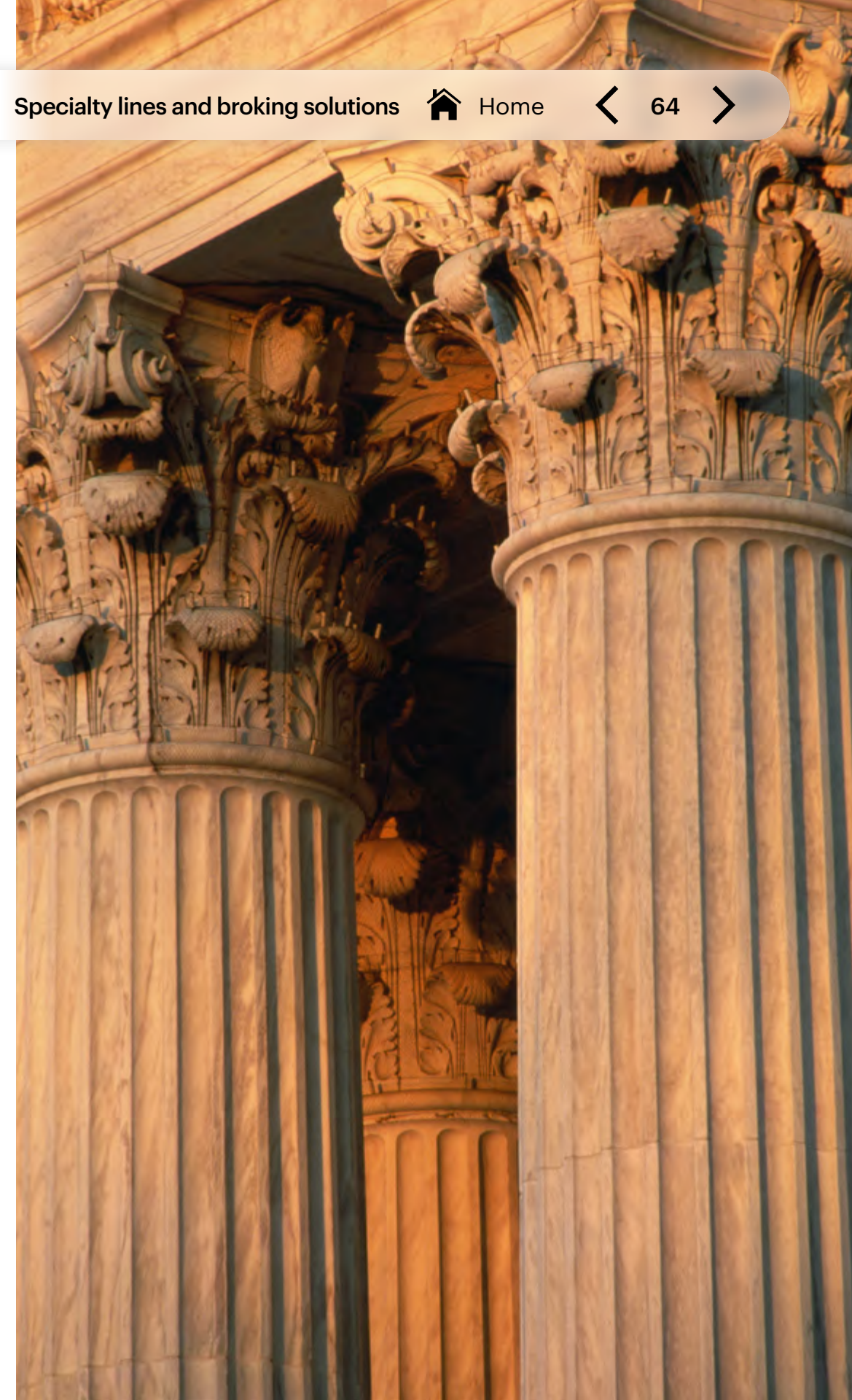
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Financial Institutions — FINEX



Rate predictions

D&O

Primary publicly traded
flat to +2%

Excess publicly traded
flat to +2%

Private
flat to +2%

Private company asset management D&O/E&O (excluding Private Equity)

Flat but potentially significant increases for firms with meaningful private credit risk

Bankers professional liability (BPL)

flat to +10%

Insurance company professional liability (ICPL)

flat to +10%

FinTech D&O/E&O

-10% to flat

Financial Institutions — FINEX

Key takeaways

Financial Institutions (FIs) financial lines remain largely stable, with some pricing pressure in banker professional liability, insurance company professional liability and for asset managers with private credit exposure. Asset managers face favorable conditions, though private credit exposure is drawing heightened scrutiny.

01

Asset management remains a favored financial institutions segment, though private credit strategies continue to attract heightened underwriting scrutiny.

02

Banker professional liability pricing remains pressured by claims severity, AI-enabled fraud, regulatory exposure and credit, liquidity and interest rate risks.

03

Fintech and digital asset firms are benefiting from an expanding insurer appetite and increased market competition.

04

Insurance company professional liability remains challenged by social inflation, nuclear verdicts, bad faith litigation and catastrophe-driven losses.

The financial institutions insurance marketplace remains generally stable heading into 2027, supported by abundant capacity, strong insurer appetite and continued competition for well-managed risks. While many buyers continue to benefit from favorable renewal conditions, underwriters are increasingly focused on emerging technology exposures, regulatory compliance, cybersecurity and operational resilience. Market conditions vary by sector, but across all segments, insurers continue to differentiate risks based on governance quality, risk management maturity and the effectiveness of internal controls.

A common theme across all financial institutions is heightened scrutiny of artificial intelligence and technology governance. As firms deploy AI-enabled tools and automate business processes, underwriters are evaluating model oversight, data integrity, cybersecurity controls, third-party dependencies and safeguards against fraud, misinformation and unauthorized use. Insurers are also paying closer attention to technology-related disclosures and AI-related representations made to investors, clients and regulators.

Asset management

Private company asset managers, not including private equity firms, remain one of the most attractive areas of the insurance marketplace, supported by strong competition and abundant capacity. However, underwriting attention continues to center on private credit and digital asset risk. Insurers are closely scrutinizing private credit portfolios, including valuation methodologies, leverage profiles, concentration risk, collateral quality and liquidity management due to concerns surrounding potential stress scenarios and valuation disputes. Growing interest in digital assets, tokenized funds and blockchain-enabled investment products have also increased focus on custody arrangements, cybercrime exposure, fraud controls and regulatory uncertainty.

Banking

Within the banking sector, insurers remain focused on regulatory, operational and economic risks that drive banker professional liability exposure. Areas of scrutiny include compliance frameworks, consumer protection practices, fair lending controls, lending portfolio, liquidity management, deposit stability, interest rate exposure and commercial real estate credit quality. Technology-related risks remain a significant concern as banks expand digital banking capabilities and confront increasingly sophisticated fraud schemes, including deepfakes, synthetic identities and other AI-enabled attacks.

Fintech

The fintech sector remains competitive, benefiting from an expanding insurer appetite and growing participation from both specialist and traditional carriers. Underwriters remain focused on payment fraud, technology disruptions, consumer protection issues, data privacy requirements, cyber events and digital asset exposures. Well-performing companies with strong operational controls and compliance frameworks continue to achieve favorable outcomes.

Insurance

In contrast, the insurance company professional liability marketplace remains challenging. Reduced competition, rising claims severity, social inflation, litigation funding, catastrophe-related losses and nuclear verdicts continue to drive underwriting discipline. As a result, carriers are expected to maintain a firm approach to pricing, retentions and exposure management heading into 2027.

Conclusion

As insurers continue to navigate evolving technology, regulatory and economic risks, organizations that demonstrate strong governance, operational resilience and disciplined risk management will be best positioned to achieve the most favorable insurance outcomes available in the current market. Underwriting scrutiny is increasingly focused on AI governance, cybersecurity, fraud prevention, emerging technologies and evolving regulatory expectations. Firms that can effectively manage these exposures and articulate their risk and control environments are likely to benefit from stronger insurer engagement and more competitive renewal negotiations heading into 2027.

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Lawyers Professional Liability



Rate predictions

Lawyers professional liability — Large firms
flat to –3%

Lawyers professional liability — Midsize firms
flat to –5%

Key takeaways

Lawyers professional liability remains stable, with flat to declining rates for firms with strong loss histories. Claim frequency is down, though \$50 million+ claims are rising. Insurers have adjusted pricing and abundant capacity supports a competitive market.

01

Claim frequency has declined.

02

Frequency of catastrophic claims of \$50 million or more have increased.

03

Insurers have adjusted rates to account for the severity claims trend and capacity of \$500 million or more is available resulting in a flat to downward pricing trend.

04

Mistakes and challenging risks are driving claims with corporate/transactional and litigation areas of practice experiencing increasing claims.

Law firms of all sizes have a favorable price, coverage and capacity market environment for professional liability insurance. Rates are flat to declining for firms with good loss experience and limits of \$500 million or more can be purchased. Coverage is stable. While insurers are closely following use of AI with a focus on training requirements and governance, exclusions or conditions have not been imposed by the market. AI is seen as a potential risk management tool particularly in areas such as conflicts. Claims frequency continues to trend downwards while the frequency of catastrophic claims of \$50 million or more continues to trend upwards. Size of transactions is pushing up settlement amounts with claims settling faster due to the high cost of defense. Both mistakes and challenging risks are responsible for a large proportion of claims. Corporate/transactional and litigation areas of practice are major sources of claims. Some risk management lessons that have emerged suggest additional focus on calendaring systems, more stringent client evaluation in new business intake and greater willingness to declining high-risk clients, documenting critical client advice and feedback and appropriate supervision and staffing.

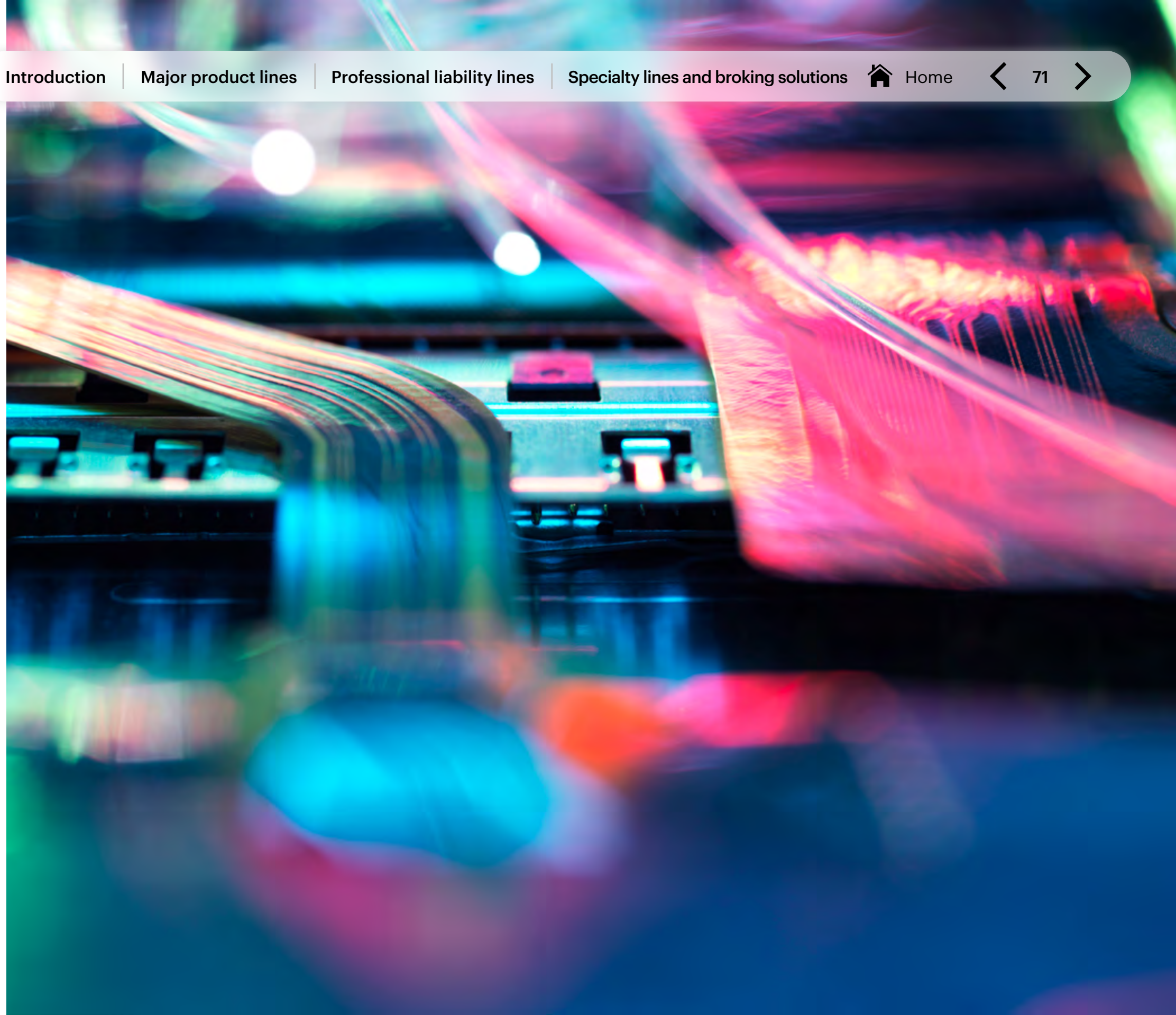
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Specialty Lines and Broking Solutions



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

 Alternative Risk Transfer Solutions	 Captive Insurance	 Architects and Engineers	 Aviation and Space	 Marine Cargo
 Marine Hull and Liability	 Construction	 Surety	 Crisis Management	 Political Risk
 Credit Risk Solutions	 Natural resources	 Environmental	 Healthcare Professional Liability	 Managed Care E&O, D&O and Cyber
 Senior Living	 Life Sciences	 International Casualty	 Personal Lines	 Product Recall

Alternative Risk Transfer Solutions



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**

Alternative Risk Transfer Solutions

Key takeaways

Companies are using alternative risk transfer as a year-round balance sheet strategy, leveraging structured solutions, quota shares, LPTs, parametric covers and captive stop-loss to manage risk, improve capital certainty and capture market value.

01

Structured solutions support pressured layers and position programs for future rate changes.

02

Quota shares and targeted placements help optimize risk, capacity and economics.

03

Parametric CAT covers fill gaps, speed liquidity and expand beyond traditional perils.

04

Alternative risk tools and captive stop-loss strengthen capital protection and stability.

Insureds continue to utilize alternative risk transfer as a deliberate, year-round balance sheet strategy rather than a solution reserved for hard market conditions. In a softer market, buyers are engaging earlier and deploying structured solutions with greater precision, targeting challenged layers such as casualty buffers, umbrella and low excess. They are increasingly using 100% placements and quota share participation structures to align risk and economics while positioning programs to capture value as premium dynamics evolve over the next 36 months.

At the same time, organizations are executing loss portfolio transfers to convert legacy liabilities into more predictable outcomes and greater capital certainty. They are also combining traditional property programs with parametric catastrophe and weather protection to address coverage gaps, accelerate liquidity following an event and using captive stop-loss structures to cap downside exposure and preserve captive capital.

Structured solutions

Structured solutions continue to gain traction as insureds take a more strategic approach to risk financing in the current market environment. Rather than focusing solely on near-term premium savings, organizations are increasingly evaluating multi-year, multi-line programs, with or without captive participation, to secure capacity, improve program resilience and create greater certainty around the future cost of risk. While current focus is within casualty buffers, umbrella, low excess and industry-specific primary property placements, interest is expanding across a broader range of specialty and complex risk portfolios. Quota share, aggregate and targeted layer structures are enabling insureds to optimize risk retention and transfer, capture current market value and position programs for potential rate increases, tightening coverage and capacity constraints over the next 36 months.

In parallel, carriers are taking a more disciplined approach to protecting captive capital, with captive stop-loss structures increasingly serving as an effective safeguard against capital erosion.

- Insureds remain focused on creating long-term stability and savings and continue to demonstrate a strong commitment to these strategies
- Market appetite remains robust, supported by new capacity from traditional markets being deployed through MGA and MGU platforms, while Lloyd's markets continue to participate actively through syndicated facilities
- Carriers are expanding their interest in healthcare liability, wildfire, construction and other specialty lines

Parametric CAT and weather solutions

Parametric catastrophe and weather solutions continue to provide significant value for insureds by complementing traditional property programs.

These solutions offer targeted protection for loss costs that may be limited, excluded or difficult to recover under conventional insurance coverage.

Capacity continues to expand. While these solutions have traditionally been utilized by large and complex insureds, providers are increasingly targeting the middle market and smaller organizations.

Although parametric solutions are well established for hurricane and earthquake risks, interest continues to grow for wildfire, tornado, hail and broader weather-related perils, including rainfall, temperature and snowfall, that can impact both physical assets and financial performance.

Parametric products continue to evolve through the use of enhanced data sources and increasingly sophisticated multi-factor indices, helping to improve responsiveness and ensure more effective performance during loss events. Willis is a leading innovator in parametric solutions. As an example, Capacity Revenue

Protection is a product that provides predictable, transparent support through a pre-determined structure and helps energy producers preserve revenue certainty in an uncertain market.

Other areas of interest

- Multi-line/multi-year 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.

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Captive Insurance

Key takeaways

Captive utilization remains strong, driven by natural catastrophes, losses from secondary perils and continued stress in casualty, auto liability, excess and healthcare-related lines impacted by social inflation and third-party litigation funding.

01

Captive utilization remains strong despite continued easing in commercial property pricing.

02

Captives are being used to address casualty severity, deductible funding, excess liability tower disruption, healthcare cost pressure and climate-related property volatility.

03

Onshore and Offshore domiciles remain active with growth in the number of new captive formations.

04

Using the captive to structure parametric solutions, around climate and environmental risks, remains strong.

Interest in captives as a strategic risk financing platform continues as global turbulence reinforces the value of robust risk management and differentiated financing strategies.

U.S. domiciles

New captive formations continued to be strong in 2026, with many domiciles reporting mid-year results in line with the previous three years. Additionally, captive trade association's conferences are benefiting from record attendance numbers suggesting continued interest in captive utilization and expansion.

There is strong interest in using analytics to optimize captive capital deployment, resulting in expansions to captive business plans, returns of capital to shareholders or the retention of capital to support future market cycles.

Resulting in expansions to the captive's business plan, a return of capital to its shareholder or maintaining capital position to combat future commercial insurance market turns.

Medical stop loss continues to be discussed both in new captive formations as well as for expanding captive business plans. The rise in healthcare costs and acknowledgement that the retention of this risk in a captive program diversifies the captive's offerings are the driving factors.

Bermuda

31 insurers registered in Bermuda in First half of 2026 (H1 2026), with activity weighted toward commercial, long-term and Insurance-linked securities (ILS) structures.

Bermuda remains particularly active in the ILS and alternative-capital market. During the first half of 2026, 12 Restricted Special Purpose Insurers, 8 Class E insurers and three Collateralized Insurers were registered, reinforcing Bermuda's role as a leading domicile for catastrophe bond, ILS and third-party capital structures.

Segregated Account and incorporated-cell structures continue to be used in the Bermuda market; however, separate formation statistics for individual cells are not published by the Bermuda Monetary Authority (BMA). Accordingly, cell activity is not reflected in the insurer-registration totals above.

Cayman

Growth was more directly tied to international insurer, single parent captive and portfolio insurance activity during the first half of 2026, Cayman Islands Monetary Authority (CIMA) issued 20 new licenses with a further 17 applications under review. This compares with 21 licenses issued during the same period in 2025 (full year – 41).

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 12,000.

As at mid-year 2026, Cayman licensed entities held total assets more than \$189 billion, writing annual premiums of over \$61 billion (176 billion and \$51 billion as at 31 Dec 2025).

Outlook

For the remainder of 2026 and into 2027, captive utilization is expected to remain strong as organizations continue to use captives to manage volatility, retain risk deliberately and access alternative sources of capital.

In the U.S., buyers are expected to keep using captives to address casualty severity, excess liability tower disruption, healthcare cost pressure and climate-related property volatility. Softening in parts of the property market should not be read as reduced captive demand; rather, it creates an opportunity to rebalance retentions, evaluate where commercial capacity is economically efficient and redeploy captive capital toward risks where traditional insurance remains constrained or structurally inefficient.

Offshore domiciles will also remain active if more differentiated. Bermuda is expected to benefit from continued ILS, collateralised reinsurance, life reinsurance and alternative capital activity, while Cayman is expected to benefit from growth in Class B(i) single-parent captives, Class B(iii) reinsurance structures and PICs.

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Architects and Engineers



Rate predictions

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.

Professional liability 0% to +5%	Umbrella liability +5% to +15%
General liability 0% to +5%	Cyber 0% to +5%
Auto liability +5% to +15%	Executive risk 0% to +5%
Workers' compensation 0% to +5%	

Challenging risks

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

Professional liability +5% to +10%	Umbrella liability +15% to +30%
General liability +5% to +10%	Cyber 0% to +5%
Auto liability +15% to 30%	Executive risk 0% to +5%
Workers' compensation +5% to +10%	

Architects and Engineers

Key takeaways

The Architects & Engineers (A&E) professional liability (PL) marketplace in 2026 has been broadly described as stable for favorable risks, driven by continued competition as a result of ample capacity, despite carrier consolidation.

01

A&E professional liability remains stable for favorable risks, with competition supporting flat renewals.

02

A&E firms with a high-risk profile face greater underwriting scrutiny, deductible pressure and potential rate increases.

03

Adverse claim severity trends, social inflation and longer claim resolution times remain key market concerns.

04

Auto and umbrella lines face the most pressure as bodily injury claims and large verdicts continue to rise.

The A&E insurance market is entering 2027 in a stable but increasingly selective environment. While capacity and competition continue to create opportunities across several lines, auto remains under pressure from rising claims severity, social inflation and the continued threat of nuclear verdicts.

Professional liability is similarly bifurcated, with firms that have favorable risk profiles receiving meaningful competition, while firms with challenging risk profiles, loss histories or higher-risk exposures continue to face underwriting scrutiny. Depending on classification as a favorable or challenging risk, firms should anticipate renewal rate changes ranging anywhere from flat to 15%, based on the specific line of coverage, along with continued pressure toward higher deductibles or self-insured retentions.

While pricing has remained relatively flat overall, many carriers believe current rates may be below long-term sustainable levels due to adverse loss trends. 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 taking longer to resolve and becoming more expensive to settle.

Design professionals are navigating a landscape defined by rapid growth, increasing complexity and heightened scrutiny. Several areas of uncertainty will be particularly important as we look toward 2027:

- **Major infrastructure investment:** A&E firms are experiencing significant growth in opportunities associated with energy facilities, healthcare campuses, transportation projects and other large-scale infrastructure investments. These projects create substantial revenue opportunities, but they also introduce greater concentrations of risk. Rising construction costs, compressed schedules, labor constraints and increasingly complex project delivery models can amplify the consequences of design errors, delays and coordination failures

- **Regulatory and public scrutiny:** The push for tighter oversight of data centers and other major infrastructure projects could materially affect project timelines and scope. As communities, regulators and policymakers scrutinize the environmental, economic and infrastructure impacts of large developments, design professionals may increasingly be required to navigate evolving requirements and competing stakeholder expectations. The potential for redesign, delays, cost escalation and disputes creates uncertainty around both project execution and professional liability
- **Risk beyond data centers:** Emerging exposures extend well beyond the data center sector. Energy transition projects, power generation and transmission infrastructure, healthcare modernization and transportation investment are creating increasingly sophisticated projects with significant interdependencies between design professionals, contractors, owners, utilities and government entities. At the same time, AI-assisted design, cybersecurity threats, climate-related exposures and new contractual requirements are creating uncertainty around where responsibility — and insurance coverage — ultimately resides

Looking toward 2027, the market therefore remains stable but selective. Cyber, directors and officers (D&O) liability and workers' compensation should remain relatively competitive, while auto and umbrella/excess are likely to remain the most challenging lines. Professional liability will continue to be highly dependent on discipline/project mix, claims experience and the quality of an individual firm's risk management.

Ultimately, the strongest A&E firms should continue to outperform the broader market. Firms that can demonstrate disciplined project selection, strong contract controls, documented quality assurance and quality control (QA/QC) procedures, effective claims management and a sophisticated approach to risk transfer will be best positioned to navigate the uncertainty ahead.

Industry spotlight: Data center development

The unprecedented growth of data centers — driven in large part by AI and cloud computing — is creating significant opportunities for design professionals while introducing a new level of project concentration and complexity. Questions around power availability, water consumption, land use, environmental impact and infrastructure capacity are creating uncertainty around the pace and location of future development. The potential for projects to encounter permitting delays, utility constraints, community opposition or changing requirements creates additional professional liability exposure for A&E firms.

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Aviation and Space



Rate predictions

General aviation
flat to -5%

Aircraft manufacturers and service providers
-5% to +5%

Airline hull and liability
+10% to +25%

Airport operators and authorities
flat to -5%

Airline hull war
flat to -10%

Space
flat to -10%

Airline excess war liability
flat to -10%

Aircraft leasing and finance
flat to -5%

Aviation and Space

Key takeaways

Overall capacity for the global aviation insurance market remains strong and in the absence of catastrophic losses, we anticipate capacity to be sufficient for the remainder of the year.

01

Early planning, with a well-thought-out strategy, is critical.

03

Analytic tools can help pinpoint the ideal limits, coverage and retentions to help maximize the value of your aviation insurance program.

02

Underwriters differentiate the major sub-sectors (aerospace, airlines and general aviation) of the aviation market.



General aviation

The general aviation insurance market continues to benefit from strong competition and abundant capacity, creating favorable conditions for many insureds and driving premium reductions across attractive risks. However, growing market fragmentation, the expansion of facilities and differing insurer strategies are creating more inconsistency in underwriting behavior as carriers balance short-term growth ambitions against the need for sustainable profitability.

The general aviation insurance market is no longer simply experiencing a traditional soft cycle. Instead, it's undergoing structural change driven by facility growth, evolving long-term agreements (LTAs), emerging technologies such as drones and AAM, claims, inflation and workforce challenges.

Airline

Insurers will be looking for a continued firming of the market as we enter the 2026 airline renewal season. Expectations are for insurers to seek at minimum +10% rate increases for clean risks and more substantial increases for airlines with deteriorating loss records.

Capacity remains adequate to complete placements; however, some insurers are reducing line size, which will affect rates and premiums. Rising costs of attritional claims in North America remain a significant factor when insurers are near the break-even premium level. For hull war and third-party war liability coverages, capacity remains abundant, which has led to pricing pressure across both sectors.

Aircraft manufacturers and service providers

Capacity in the aerospace insurance market remains strong, providing insureds with meaningful choice and competitive options. Simultaneously, rising aircraft and component values, increasing claims severity and exposure growth are placing greater emphasis on effective risk management.

For aircraft and component manufacturers, strong production activity and supply-chain pressures create a greater focus on product quality, supplier oversight and continuity of operations. Maintenance, repair and overhaul shops are seeing strong demand as a result of high utilization, aging fleets and aircraft delivery delays.

Airport operators and authorities

Managing contractual liability and insurance requirements across airlines, concessionaires and other third-party operators remains an important consideration for underwriters. Growth in passenger and aircraft activity can increase exposure to premises liability, foreign object and debris (FOD) and ground operations incidents. Ongoing investments in terminal, runway and airfield infrastructure can introduce additional construction and operational exposures.

Space

The space market has stabilized after two years of correction. Increased capacity and competitive pricing are strong for flight-proven hardware, while first-flight or low-flight equipment continues to face placement difficulties. Insurers are taking a more disciplined approach with a focus on redundancy, technical heritage and risk margins.

Aircraft finance and leasing

Market conditions have stabilized and competition is returning to the sector. The U.K. Court's [Butcher verdict of June 2025](#) entitled claimants to recover losses under the war risks policy rather than the all-risks policy, paving the way for cases in Ireland and the U.S. to close and allowed insurers to revise reserves downward.

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Marine Cargo



Rate predictions

Marine cargo and stock throughput

Favorable loss history

-5% to -15%

Marine cargo and stock throughput

Challenging risks

flat to +5%

Key takeaways

Marine cargo rates remain favorable for well-performing risks as competition and capacity grow. Geopolitical uncertainty and supply chain disruptions remain key watchpoints, but market conditions continue to support buyers.

01

Marine cargo and stock throughput rates remain soft for risks with favorable loss history and risk controls.

02

Insurer competition and expanding capacity continue to create favorable conditions for buyers.

03

Geopolitical events can quickly affect war-risk pricing, trade routes and underwriting decisions.

04

Supply chain resilience, carrier selection and emerging loss trends remain critical for risk management.

Marine cargo and stock throughput markets remain highly competitive

Marine cargo, stock throughput and excess stock rates remain soft, with well-performing programs, especially where insureds can demonstrate strong risk management, low claims frequency and transparent supply chain controls. Additionally, insurer competition continues to intensify as incumbents seek to maintain premium income while newer markets and additional capacity focus on growth opportunities.

Challenging risks and accounts with adverse loss experience will draw some underwriting scrutiny; however, flat rates are generally expected except in the most extreme cases.

Capacity remains robust as most markets are competing for market share and top-line growth, with some insurers deploying significant additional capacity. Insurers are actively looking to write more stock throughput risks than in recent years.

In addition to competitive pricing, insurers continue to scrutinize exposures to geopolitical and war-risk exposures and tend to require geographic exclusions for those exposures.

Effects of developments in Iran, the Middle East and Ukraine on the marine cargo insurance marketplace

Continued geopolitical uncertainty regarding the Strait of Hormuz, Red Sea/Gulf of Aden, Ukraine/Black Sea and China-Taiwan. Regional tensions can change abruptly, forcing underwriters to issue war-risk notices of cancellation and subsequent “re-pricing” of war risks coverage.

Insurers will continue to be cautious regarding exposed trade routes, sanctioned territories and politically sensitive supply chains.

Therefore, supply chain resilience, route selection and carrier selection have become more important than in previous years. Global supply chains remain increasingly interconnected and vulnerable to disruption from tariffs, regulatory changes, port congestion and geopolitical events.

Outlook for 2027

The marine market remains favorable to buyers, especially for those with desirable commodities with a favorable loss history, including data center sector

as one of the fastest-growing insurance classes heading into 2027. Data center insurance demand will rise significantly through 2030 as facility values and operational complexity increase. AI infrastructure expansion, hyperscale developments and power-demand growth are creating both opportunity for insurers. Capacity continues to grow.

However, underwriters will remain disciplined should some key risks reverse the softening trend:

1. Major escalation in the Strait of Hormuz or Red Sea
2. A series of catastrophic events or large vessel losses
3. Continued multi-industry claims involving lithium batteries, fires and supply chain disruptions

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Marine Hull and Liability



Rate predictions

Hull and machinery
-5% to -7.5%

Marine liabilities
-2.5% to -5%

Protection and indemnity

- International group
+2.5% to +7.5%
- U.S. commercial
0% to -2.5%

Bumbershoot/excess liabilities
0% to +/-2.5%

Marine Hull and Liability

Key takeaways

Marine insurance remains buyer-friendly in 2026, supported by abundant capacity and competition. However, geopolitical conflict/war exposures, major marine casualty events loss and high liability verdicts continue to drive underwriting caution in key marine sectors.

01

Marine hull and liability markets remain soft, with abundant capacity, new entrants and personnel movement supporting competitive rates.

02

Conflicts in the Strait of Hormuz, Persian Gulf, Red Sea and Black Sea are causing insurer exclusions and higher buyback costs for operators in these regions.

03

A major vessel-to-infrastructure multi-billion loss, is increasing scrutiny of large marine casualty exposures and reinsurance pricing.

04

Ongoing U.S. social inflation, elevated litigation costs and concerns about "nuclear verdicts" in automobile and marine sectors continue to influence costs.



The marine marketplace (continued softening)

The marine insurance marketplace continues to favor buyers through 2026, driven by abundant global capacity, strong competition among insurers and continued pressure on underwriters to achieve premium growth. New market entrants, expanded managing general agent (MGA) participation and ongoing personnel movement across U.S., London and international markets have sustained competitive conditions across most classes of marine business. Clean risks with favorable loss experience are achieving flat renewals or rate reductions, while insurers continue to offer continuity credits, enhanced terms and flexible structures to retain market share.

Geopolitical risk remains the primary market concern

Despite favorable capacity conditions, geopolitical instability remains the dominant challenge facing the marine sector. Escalating tensions in the Persian Gulf and Strait of Hormuz, combined with ongoing threats in the Red Sea and Black Sea, have created one of the most challenging operating environments in decades.

Vessel operators continue to face elevated war risk costs, while attacks involving missiles, drones, underwater devices and armed vessels have increased concerns around crew safety, pollution liabilities and major casualty events. Insurers have responded with heightened scrutiny of voyage exposures, vessel management, ownership structures and risk controls when evaluating coverage.

Hull and liability markets continue to soften

Marine hull, commercial P&I, marine liability, ports and terminals and builders-risk markets generally remain on a softening trajectory. Competitive underwriting conditions, insurer growth ambitions and new sources of capital continue to exert downward pressure on pricing. For buyers, this has translated into opportunities to secure modest rate reductions and negotiate broader coverage enhancements, particularly where loss performance remains favorable. While U.S. business remains somewhat more resilient due to social inflation concerns and elevated litigation costs, overall market momentum continues to support competitive renewals.

International P&I Market Response to a major vessel-to-infrastructure casualty event

Ongoing loss development from a major casualty event continues to impact P&I Club underwriting outlooks and reinsurance considerations, with estimated ultimate costs rising from approximately USD 1.5 billion to nearly 3.0 billion. The event has become one of the largest marine liability losses in history and continues to create uncertainty surrounding international group reinsurance costs and future allocation methodologies between vessel classes. Although strong investment returns and improved underwriting performance have strengthened many protection and indemnity (P&I) clubs' financial positions, insurers remain cautious regarding major casualty exposures and reserve adequacy.

Outlook

Looking ahead, marine buyers should continue to benefit from favorable market conditions, supported by abundant capacity and insurer competition. However, geopolitical developments, major casualty losses and evolving reinsurance costs are likely to moderate the pace of future softening. As a result, insurers are expected to maintain selective underwriting discipline even while competing aggressively for high-quality risks. For organizations with strong risk management practices and favorable claims experience, the remainder of 2026 should continue to present attractive renewal opportunities.

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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
-2.5% to +2.5%

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

Contractor's
professional liability

Annual
flat to +5%

Project-specific
flat to +10%

Owners protective professional
(Project-specific)
flat to +10%

Project-specific/OCIPs/CCIPs
**flat to +5% for
dual line (WC, GL)**

**moderate reductions
for primary GL only**

**+5% to +15%
Project umbrella
and excess liability**

Subcontractor
default insurance
flat to +5%

Construction

Key takeaways

Construction insurance stays competitive for strong contractors but varies by line: Workers' compensation remains profitable, while auto liability and umbrella/excess face severity, inflation and nuclear verdicts. Carriers reward strong risk management.

01

Megaprojects, especially data centers, are consuming labor, materials and management resources, elevating execution risk.

02

Project values regularly surpass the **\$1 billion mark**.

03

Despite massive valuations, these mega-deals remain highly attractive to insurers due to their predictable, straightforward risk profiles.

04

Carrier appetite and capacity are expanding, yet SDI demand continues to outpace historical market growth.

The construction insurance market remains competitive for well-performing contractors, but conditions vary significantly by line. Workers' compensation continues to benefit from strong profitability and competition, while automobile liability and umbrella/excess remain challenged by claim severity, medical inflation, litigation trends and nuclear verdicts. Carriers generally place favorable underwriting consideration on strong risk management, favorable loss experience, effective fleet controls, strong subcontractor management practices and operational discipline. Accounts with strong controls and clean loss histories are attracting broad market interest, while more challenging risks continue to experience constrained capacity and increased underwriting scrutiny.

Fall 2026 snapshot summary

General liability pricing has generally remained stable to modestly competitive for accounts with favorable loss experience. Automobile liability continues to face the greatest pricing pressure, particularly for larger and heavier vehicle fleets, as well as operations with adverse driving or loss trends. Workers' compensation remains one of the most competitive lines, although enhanced underwriting reviews have increased for certain classifications and higher-hazard operations. Lead umbrella layers continue to experience approximately 10–15% loss trend pressure, while excess layers above \$10 million often trend 5–10%, with continued conservative capacity deployment.

Builders risk

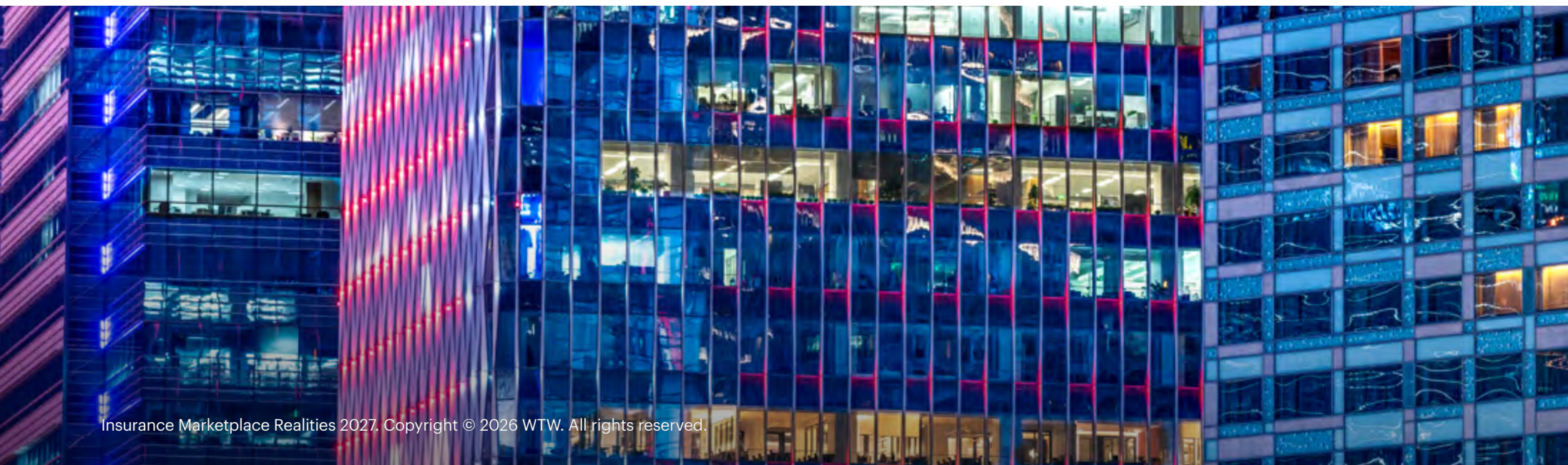
Market conditions remain favorable with increased capacity and enhanced reinsurance backing. Markets remain selective, evaluating project timelines, funding sources and contracting parties involved before deploying capacity. Secondary natural catastrophe risks (severe convective storms, tornadoes, wildfires) remain a challenge to evaluate and underwrite. Loss activity around testing and water damage exposure is leading to increased evaluation of mitigation and safety protocols. Increased market capacity and project sizes are leading to flexibility in program structure, with loss limits and excess options becoming more prevalent.

Capacity

Continued expansion for developments of favorable construction types, favoring those with robust risk mitigation protocols and techniques.

Coverage

London Engineering Group 3/Cost of Making Good (LEG3/COMG) offerings continue to receive additional market examination; exposures around long-lead equipment and time element costs reinforce the necessity for early evaluation and agreement between all parties on all coverage enhancements.



Issues

In addition to high- and medium-hazard natural catastrophe exposures, secondary natural catastrophe, testing and water damage exposures drive loss activity and require elevated underwriting evaluation.

Opportunities

Master builder's risk programs continue to provide meaningful strategic advantages for owners and contractors managing diversified project portfolios. Modular construction and mass timber continue to present attractive opportunities for growth, but securing favorable terms requires early engagement, transparency and comprehensive risk mitigation.

The marketplace continues to move toward greater stability, supported by increased capacity and greater flexibility, with loss limit and excess program structures becoming prevalent with high-value projects. Owners and contractors with strong governance, well-supported valuations and early engagement with key stakeholders may be better positioned to secure competitive terms.

Natural catastrophe exposures and complex project schedules will remain important drivers of pricing and coverage, while innovative construction methods, including modular construction and mass timber, can create opportunities when accompanied by clear risk visibility and robust mitigation measures. Overall, market conditions in 2026 appear to be more predictable for well-prepared owners and contractors.

Casualty liability trends (auto, general liability, excess)

Medical inflation, wage inflation, nuclear verdicts, third-party litigation funding, legal system abuse and rising repair costs continue to increase casualty severity. Underwriters remain concerned with attachment point adequacy and the erosion of primary limits through both indemnity and defense costs.

Risk quality remains a primary differentiator. Particular attention is being placed on fleet safety programs, driver monitoring, subcontractor oversight, contractual risk transfer, claims management practices and overall operational controls.

Auto liability

Commercial auto continues to face profitability challenges. Risky driving behaviors, especially speeding, rising claim payouts, medical inflation, specialized vehicle repairs, sensor recalibration costs, legal system abuse, third-party litigation funding and nuclear verdicts are driving severity. Larger fleets and heavy vehicle operations remain subject to increased underwriting scrutiny and rate pressure, particularly where unfavorable driving trends or loss experience exist.

General liability

The market remains competitive for well-performing construction risks; however, economic inflation, medical inflation, wage inflation, increasing attorney involvement and legal system abuse continue to elevate loss costs. Emerging risks including PFAS, chemical exposures (phthalates, endocrine disruptors), cyber exposures, revival statutes and traumatic brain injury claims remain key underwriting concerns.

Residential construction continues to be viewed unfavorably by many casualty underwriters due to ongoing construction defect concerns. As a result, residential contractors often experience limited market availability, reduced capacity and more restrictive underwriting terms compared to commercial and industrial contractors.

Workers' compensation

Workers' compensation remains relatively soft compared to other casualty lines due to strong historical profitability and competition. However, carriers are monitoring aging workforce trends, growth in large and complex claims, specialty drug utilization, rising healthcare inflation, medical technology costs, workforce turnover, wage inflation and the potential migration of claims from high-deductible group health plans into workers' compensation systems.

While pricing remains relatively stable overall, underwriters have increased scrutiny on certain classifications, higher-hazard operations and accounts with elevated injury frequency or severity trends.

Umbrella and excess

Excess carriers remain disciplined in capacity deployment. Auto liability continues to drive many large losses impacting umbrella and excess layers. Many insurers limit capacity in lower attachment layers and carefully evaluate loss experience, transportation exposures, subcontractor management practices, contractual risk transfer procedures and overall account quality before deploying larger limits. In cases where insurers cut back on capacity, rate increases generally follow to fill gaps in the excess tower.

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.

Capacity

Significant total capacity is available for most North American construction risks. Most carriers continue to exercise caution by restricting capacity for any one risk more than previously, but new entrants have supplemented available capacity.

Rates and retentions

Adequate capacity and competition are keeping rate increases minimal for corporate programs. However, there is upward pressure on rates for certain exposures, such as design-build (with/without in-house design), heavy infrastructure and for-sale residential.

There is increased pressure on rates for certain project types, such as heavy infrastructure, stadiums and data centers.

Retentions remain mostly stable, except when below market standard, but insurers continue to scrutinize retention levels for both ongoing practice policies and project-specific coverage.

Project considerations

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.



Owners protective professional

The market for owners' protective professional indemnity has established in recent years from a niche product to a product for prudent increasingly utilized by owners seeking additional professional liability protection. More owners are pursuing owners protective professional insurance 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.

Projects (owner-controlled insurance programs and contractor-controlled insurance program)

The global commercial construction pipeline throughout 2026 continues to be defined by unprecedented project scale, evolving structural designs and divergent underwriting realities across project casualty lines. While property-based project risks are seeing stabilization and selective softening, casualty lines remain under immense pressure with higher limits being required and market capacity reductions in the excess space.

We are also beginning to see an increase in technology requirements on larger and complex projects. To achieve the best market terms in 2026, project developers and owners must leverage tech-driven risk engineering. This can include moisture-sensors for timber, telematics and AI-driven data systems on-site. Many insurers increasingly expect to see risk engineering calls with the project team before committing to capacity offerings and to provide bindable proposals.

Underwriters maintain an aggressive appetite for contractor-controlled insurance programs for commercial general contractors with low-loss histories, exemplary safety cultures and management involvement in loss controls. Non-residential general contractors utilizing tight subcontractor risk transfer models are benefiting from highly competitive carrier pricing and expanded capacity.

Carriers continue to show favor to owners seeking owner-controlled insurance programs when the chosen general contractor display these traits as well. Sponsors new to owner-controlled insurance programs tend to be less favorable and must provide clear, definitive safety and contract requirements before being considered.

Subcontractor Default Insurance (SDI)

The North American construction market continues to be driven by strong demand, particularly from large-scale data centers, advanced manufacturing projects and other megaproject developments. While these projects are expanding overall construction activity and backlog levels, they are also creating significant pressure on labor availability, management resources, material supply chains and subcontractor capacity. As a result, the industry is experiencing elevated execution risk as contractors and subcontractors attempt to scale operations to meet rapidly growing project demands.

Subcontractor stress remains a key concern throughout the market. Many firms continue to face challenges associated with labor shortages, wage inflation, project complexity and resource constraints. In many cases, subcontractor risk is being driven less by a lack of opportunity and more by an inability to execute larger volumes of work efficiently and profitably. These factors are contributing to increased default activity, higher notice volumes and growing scrutiny around subcontractor qualification and risk management practices.

At the same time, project values continue to increase, resulting in greater potential loss severity when defaults occur. Replacement subcontractors are often difficult to secure, particularly on large and specialized projects and labor, material and remobilization costs frequently exceed original estimates. This has contributed to an ongoing rise in loss multipliers across the SDI market, increasing the financial impact of subcontractor default events and creating greater potential for catastrophic losses on major projects.

Private equity and strategic investors remain highly active within the specialty trade sector, continuing to pursue acquisitions, consolidation opportunities and platform investments. While these transactions can provide additional capital and growth opportunities, they also introduce new considerations regarding organizational capacity, leadership transitions, financial leverage and execution risk that require careful evaluation during the qualification process.

In response to growing project values and increasing demand, SDI carriers continue to expand underwriting capacity and demonstrate strong interest in supporting the marketplace. However, demand for SDI solutions, larger program limits and excess capacity continues to rise as owners, developers and general contractors seek protection against the increasing severity and complexity of subcontractor default risk. The combination of megaproject growth, rising replacement costs, evolving subcontractor risk profiles and greater exposure concentrations reinforces the importance of comprehensive subcontractor qualification and proactive risk management as critical components of successful project delivery.

What is shaping construction insurance?

Strong activity in data centers, infrastructure, energy and population-growth markets continues to attract insurer interest. At the same time, labor shortages, inexperienced workers, an aging workforce, inflationary pressures, emerging liability exposures and increasingly complex projects continue to influence underwriting appetites and program structures.

Contractors with a long operating history, strong safety cultures, established commercial and industrial project experience, favorable loss records and robust subcontractor agreements remain among the most desirable risks in the marketplace. General contractors without residential operations continue to benefit from broader underwriting appetite and increased carrier competition.

Construction market outlook

Market conditions remain favorable for organizations with strong loss experience, effective safety programs, quality fleet controls, sound subcontractor management, contractual risk transfer procedures and transparent operations. While Workers' compensation and General liability remain relatively competitive, Automobile liability and Excess liability continue to be the most challenging areas. Overall, carriers remain interested in construction risks but are increasingly selective in differentiating between best-in-class and distressed accounts, with the strongest opportunities available to contractors demonstrating disciplined risk management and a proven operational track record.

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Surety

Key takeaways

Surety remains profitable and capacity plentiful, however underwriters are growing more selective after years of strong results. Infrastructure, power and digital investment are lifting demand worldwide; prepared, engaged clients hold the advantage.

01

Underwriting fundamentals remain strong, though developing loss activity on large civil projects has underwriters' attention.

02

Secure maximum capacity while credit is strong and exposure is stable; consistent dialogue with sureties creates the greatest flexibility.

03

Digital infrastructure and power spending is driving demand for much larger performance bonds and project security.

04

A projected \$151 trillion in global infrastructure spending by 2050 with over half in APAC, continues to fuel international surety demand.¹

1. "Global Infrastructure Outlook 2025 to 2050," PwC, April 28, 2026.

Market overview

The surety industry enters 2027 from a position of strength. Results have been exceptionally favorable for several years, capacity remains abundant and demand is rising on the back of historic investment in infrastructure, power and digital technology at home and abroad. However, the market is not standing still: margins have compressed modestly over the past 24 months, loss activity is developing in pockets and underwriters are becoming more analytical and selective as a result. The clients best positioned for 2027 will be those who engage their sureties early, keep information flowing and choose partners with genuine depth in the industries and products now reshaping the marketplace.

Surety rates are expected to remain stable across contract, commercial and international lines through 2027. Riskier obligations or softening credits may see higher entry points on new obligations, though increases on existing programs are unlikely.

Contract surety

Underwriting fundamentals remain strong, with contractor performance and financial health broadly stable. The sector continues to be profitable, though margin has slipped slightly over the past two years as loss activity and overhead have ticked upward. Most large sureties retain adequate margins and long-term performance stability, but severe losses are developing at a handful of companies and those outliers will face closer reinsurance scrutiny that could move their rates higher in 2027. Developing loss activity on large civil projects, in particular, has underwriting attention.

Demand is shifting in scale as much as in volume. Digital infrastructure and power expenditures are generating demand for much larger performance bonds and project security, driving substantial premium into the industry and offsetting some slowdown in midsize vertical building. Quality underwriters remain in high demand and continue to contribute to strong surety earnings. Private equity interest is also holding firm: financial buyers continue to deploy capital to acquire high-performing companies seeking partners to expand their opportunities through investment.

Commercial surety

Capacity is still plentiful, however after several years of exceptionally favorable results, underwriters are becoming more analytical and selective. Newly developing opportunities will test that discipline as sureties look to expand strong credit programs while managing their exposure to softening credits. Rates remain stable for most risk classes; riskier obligations or weakening credits could face higher entry points, though increases on existing obligations are unlikely.

Through the remainder of 2026 and into 2027, the commercial surety market will stay open to new opportunities, with greater capacity and aggressive pursuit of the strongest clients. Clients who secure maximum capacity while credit is strong and exposure is stable and who maintain consistent dialogue with their sureties on new products and projects, will command the greatest flexibility and help shape the marketplace of the future. Readily available project and contract information places clients in the most favorable position, giving them the greatest control over cost and terms.

International surety

International surety demand continues to climb on the strength of a projected \$151 trillion in global infrastructure spending by 2050, with more than half of that investment in Asia Pacific.¹ This massive expenditure is needed to update global technological infrastructure, develop clean and additional energy sources, and modernize transportation networks worldwide. In 2025, international surety exposure rose 5.6% to \$1.85 trillion (€1.6 trillion), up from \$1.74 trillion (€1.5 trillion) in 2024 — a figure that has risen every year since 2018.² Premium rose 3.5% to \$8.8 billion (€7.6 billion) over the same period.² Pricing is expected to remain stable in the near term as geopolitical uncertainty tempers rising demand and surety competition.

India remains one of the highest-growth-potential surety markets. In July 2026, the Indian Ministry of Coal announced it would begin accepting surety bonds as an alternative to bank guarantees for coal blocks under the Mines and Minerals Act of 1957, a first.³ The Indian government has also opened its insurance market further, allowing 100% foreign direct ownership of insurance companies (previously capped at 74%) beginning in December 2025.⁴

Project tenors are lengthening as complexity grows, driven by supply chain disruptions from tariffs and war, rising material costs, labor shortages and natural and weather disasters. Some 56% of International Credit Insurance and Surety Association members report seeing longer project durations, up from 42% in the summer of 2025.⁵

Broker partnership remains essential: 69% of International Credit Insurance & Surety Association (ICISA) members cite brokers as their most valuable distribution channel.⁵ That coordination matters most in emerging markets, where surety is a new or underused product and extensive education is required.

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Crisis Management



Rate predictions

Terrorism and sabotage

-10% to 0%

Active assailant
(or “active shooter”)

+2.5% to +10%

Political violence

flat to +5%

Kidnap and ransom

flat to +5%

Crisis Management

Key takeaways

The crisis management landscape continues to evolve as businesses navigate a broader range of interconnected threats and disruptive incidents.

01

Organizations are increasingly focused on resilience, recognizing that crisis events can originate from geopolitical, criminal, technological or operational risks.

02

Business interruption, infrastructure dependencies and supply chain vulnerabilities are becoming key areas of underwriting focus.

03

Standalone solutions can complement government-backed programs and address a broader range of perils.

04

Advanced terrorism and political violence analytics are helping organizations better quantify risk, optimize limits and align coverage with actual exposure.

The marketplace remains broadly competitive, but the underwriting conversation has become more nuanced. Buyers are no longer evaluating terrorism, political violence and special crime exposure solely through the lens of headline geopolitical volatility. Instead, the market is focused on how disruption manifests across specific asset classes, geographies and operational dependencies.

A well-structured program can address the limitations of government-backed terrorism schemes while also responding to the broader set of perils now driving loss scenarios, including war, sabotage, civil unrest, kidnap, extortion, physical infrastructure attacks and digital infrastructure disruption.

Terrorism and political violence: Terrorism Risk Insurance Act (TRIA) renewal, volatility in the Middle East and data center insurability

- There is still meaningful support for the renewal of the Terrorism Risk Insurance Program (TRIP) without material change, with legislative momentum pointing towards reauthorization ahead of its December 2027 expiration
 - Nevertheless, softening in the specialty market has increased the premium arbitrage between standalone terrorism versus embedded coverage, particularly for liability exposures
- Conflict in the Middle East has reinforced how quickly regional volatility can change underwriting conditions, with oil and gas, aviation, shipping and port operations under scrutiny
 - In addition to property values, operational or contingent business interruption exposures are driving underwriting decisions
- Data centers test the limits of insurability in a market where maximum capacity remains in the low billions on a per risk basis
 - Captive wrap structures are proving a valuable tool to meet lender requirements

New analytic innovations are changing how risk is measured, placed and explained

- Political violence analytics have moved from a helpful advisory tool to an increasingly important part of insurance program design as clients and insurers are using more granular analytics to understand how terrorism, war and civil unrest could affect specific assets, portfolios and supply chains
- For insurers, stronger analytics improve confidence in risk selection and capacity deployment. For clients, they provide clearer benchmarking, more defensible limit selection and better alignment between exposures and coverage structures
- By combining geospatial intelligence, event data, portfolio accumulation, scenario modeling and threat monitoring, our analytics create a more credible basis for structuring coverage around actual exposure rather than generic assumptions

Kidnap, ransom and extortion

- Kidnap and extortion risks continue to evolve, with virtual and express kidnapping techniques accelerating through AI-enabled deception and sophisticated social engineering. Bad actors increasingly use remote communication, anonymity and generative AI to create convincing threats targeting organizations and senior leaders
- This makes access to specialist response capabilities increasingly important, particularly for incidents involving misinformation, reputational pressure, executive targeting, family intimidation or cyber-enabled extortion
- Geopolitical fragmentation and transnational organized crime have also contributed to increased piracy activity in 2026, highlighting how special crime exposure can expand as maritime routing, law enforcement capacity and regional stability shift

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Political Risk



Rate predictions

Political risk insurance (PRI)

0% to +5%

Trade disruption insurance (TDI)

0% to +5%

Key takeaways

Geopolitical tensions, including the U.S.-Iran conflict and war in Ukraine, are driving modest rate increases. Despite claims activity, political risk capacity remains stable, supported by a well-capitalized and disciplined market.

01

Well-structured investments continue to benefit from stable political risk insurance capacity despite regional conflicts.

02

Insurer appetite remains selective for China, large multi-country programs and Middle East violence exposures.

03

Trade disruption insurance capacity remains stable and competitive, helping to moderate pricing pressure from recent disruptions.

04

Public agencies continue to support emerging market projects, including Ukraine, critical minerals and infrastructure.

Despite heightened geopolitical tensions and some increase in claims activity, the political risk and trade disruption insurance market remains well-capitalized entering 2027, supported by a broad mix of commercial insurers, export credit agencies and multilateral providers. Losses associated with Iranian retaliatory attacks, trade disruption arising from the effective closure of the Strait of Hormuz and ongoing conflict-related exposures have tested market capacity, yet competition for high-quality risks remains healthy, particularly for medium risk emerging markets inquires, investment-grade counterparties and well-structured transactions. Capacity remains generally available across most political risk perils, although underwriting appetite has become more selective. In particular, a growing number of insurers are showing a preference for single-country risks, while multi-country and global portfolios are attracting greater underwriting scrutiny due to concerns around risk aggregation, sanctions exposure and the increasing potential for correlated geopolitical events.

The U.S.-Iran conflict, disruption of traffic through the Strait of Hormuz and the continuing war in Ukraine remain among the most significant geopolitical developments influencing multinational corporations and political risk insurers. Despite losses arising from Iranian retaliatory attacks on regional assets and trade disruption associated with the effective closure of the Strait of Hormuz, the market has remained resilient and adequately capitalized. Looking ahead, both insureds and underwriters are increasingly focused on second-order effects, including higher energy and commodity costs, inflationary pressures and economic strain across import-dependent economies in Asia, Latin America and Africa. There is also increasing awareness of other supply chain chokepoint vulnerabilities. Continued concerns regarding potential spillover from the war in Ukraine into Poland and the Baltic states, as well as persistent geopolitical tensions involving China and Taiwan, are also shaping risk assessments and underwriting strategies.





Beyond these headline risks, underwriters continue to monitor rising sovereign debt burdens, fiscal pressures, social unrest and resource nationalism across a number of emerging markets. In Latin America, political transitions, regulatory uncertainty and government intervention in strategic sectors such as mining, energy and infrastructure remain areas of focus for investors and insurers alike. Across Africa, concerns regarding political violence, insurgent activity, election-related instability, currency volatility and debt sustainability continue to influence underwriting appetite and pricing. These developments are contributing to increased demand for protection against expropriation, contract frustration, currency inconvertibility, sovereign nonpayment and political violence.

Political risk pricing remains disciplined, but capacity is generally available. The primary exception is political violence coverage in the Middle East, where many insurers have restricted or suspended new business while continuing to offer capacity for other perils. While geopolitical uncertainty remains elevated, growing market capacity and strong insurer balance sheets continue to support competition for well-structured risks. As a result, most buyers should experience only modest rate increases, with pricing pressure concentrated in regions and sectors exposed to conflict, political violence, trade disruption and strategic supply chain vulnerabilities.

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Credit Risk Solutions



Rate predictions

Trade credit insurance
-5% to flat

ProfitGuard credit
risk monitoring
0% to +5%

Key takeaways

Despite a more complex and uncertain macroeconomic backdrop, market conditions for insureds continue to remain favorable.

01

Business bankruptcies and restructurings remain elevated, driving a 16% year-over-year increase in trade credit claims.

02

Despite rising claims, insurer appetite remains strong as new market entrants continue to drive competition.

03

New insureds continue to benefit from abundant capacity, strong appetite and competitive market conditions.

04

Financial institutions are using trade credit insurance to support lending growth and improve capital efficiency.

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. Portfolio submissions are on the rise, with insurers now looking at increased risk mitigation drivers within the portfolios at risk. Insurers remain conservative in their 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. Insurers are also advising that the use of generative and agentic AI is allowing previously time-consuming tasks to be completed with expediency, thus allowing for greater underwriting productivity.

ProfitGuard

Key takeaways

Evaluating the creditworthiness of customers and suppliers remains a key priority for organizations facing uneven economic conditions, evolving trade policies and varying levels of stress across sectors.

Several key observations have emerged from current market conditions:

1. Bankruptcy and restructuring activity remains elevated, keeping default risk high for weaker borrowers
2. Demand for active credit monitoring remains strong as firms seek earlier visibility into emerging counterparty risks
3. Many monitored firms remain vulnerable to earnings pressure, refinancing risk and supply chain disruption
4. Trade credit risks remain highly company- and sector-specific, increasing the need for ongoing monitoring



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Natural Resources



Rate predictions

Workers' compensation

flat to +2%

Umbrella liability

+2.5% to +10%

General liability

flat to +5%

Excess liability

flat to +7.5%

Auto liability

+7% to +15%

Natural resources property

-10% to -20%

Natural Resources

Key takeaways (liability)

Auto liability claims frequency and severity remain a concern across all sectors, continuing to impact auto liability pricing as well as leading umbrella pricing and the limits offered.

01

Losses continue to outpace rate increases each year for the 11th straight year.

02

Clients with operations in the Permian are facing increased scrutiny due to larger awards and settlements.

03

Certain carriers are seeking higher rate increases while attempting to remediate their auto liability books of business.

04

Clients should differentiate their risk via fleet safety programs and controls during the renewal process.

Natural Resources

Key takeaways (property)

Appetite for natural resources property risks remains robust despite notable loss activity in the sector. Intense competition and an oversupply of capacity continue to drive down rates.

01

Losses continue to occur in the downstream sector with refining representing a disproportionate share of claim frequency.

02

An abundant supply of capacity and market appetite for premium are driving continued softening, including pressure from broker facilities.

03

Business interruption risk and impacts from global conflicts continue to draw the keen focus of underwriters driven by volatility concerns.

04

Use of rapidly advancing technologies driven by AI is beginning to change long-established fundamentals of risk and insurance.

Liability

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 in frequency and settlements continue to be paid by excess markets
- 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 increase in settlements for serious injuries or fatalities continues to outpace the limits required by hiring companies, exposing the hiring companies’ insurance program to claims that historically were protected via robust indemnity agreements

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 are being tempered by this uptick in capacity and underwriting appetite by the London marketplace and WTW’s Gemini Facility
- 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 which are still seeking single-digit rate increases, are feeling pressure from new global capacity and we predict that this will lead to more stable pricing in 2027 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

The natural resources sector includes many separate and distinct classes of business, all with differing risk profiles and frequency and severity exposures and subsequent market interest. The oilfield services segment, particularly accounts with large auto fleets and/or significant bodily injury losses, are continuing to experience a challenging liability market, primarily driven by a decrease in available primary/lead umbrella capacity. On the flip side, the exploration and production segment continues to see record primary and excess liability capacity from domestic, London and Bermuda markets. Sectors such as chemical and power/renewables continue to see plentiful primary and excess capacity as well, as those classes have not had the same frequency of claims and have smaller auto fleets and as a result have an ample amount of carriers competing for their liability business. While the midstream and downstream segments are seeing stable primary and lead capacity, the domestic market has begun to pull back on capacity but this is currently being offset by an expanding appetite in the London market.

Auto liability continues to plague the natural resources market in general. However, companies with smaller fleets/lesser travel radiuses are not being impacted in the same negative manner as companies with a larger auto footprint during renewal processes. A strong focus on hiring criteria, fleet safety and fleet controls remains paramount during the renewal process for all companies.

Outside of upstream (both onshore and offshore operators), the domestic excess liability market has seen some contraction in severity-driven classes of business from the domestic markets, but the London market has seen an influx of available capacity for many companies in these sectors, effectively “evening out” the loss of domestic capacity.

Other segments with less severity-driven exposures in the natural resources segment are seeing the benefits of a perceived “flight to safety,” with many carriers aggressively competing for classes they deem “less severe.”

Regardless, it is critical to differentiate your risk and showcase safety controls and develop relationships with key markets, as lawsuit abuse continues to plague the entire landscape and the liability market remains challenging.

Property

The natural resources space approaches the end of 2026 in a continued softening cycle with no clear end in sight. The downstream sector has continued to produce headlines with a high frequency of events. However, loss severity has remained manageable thus far. A gas processing facility loss in the Middle East in June 2026 is expected to represent the most severe loss of the year to date. Despite the relative lack of severity, a high frequency of eight- and nine-figure losses threatens the profitability for 2026. The most active portion of the North American hurricane season still remains and the market is still sensitive to the potential for profitability impacts from secondary perils like convective storm and wildfire. Despite these lingering concerns, the market continues to be in the favor of buyers with double-digit rate reductions available, with slightly more modest decreases for refining risks due to their elevated loss frequency. Competition for premium and market share remains fierce including added pressure from broker facilities like the exclusive offerings from Willis’ Gemini facility. Until a significant shift in capacity supply occurs, it is unlikely that market discipline will reverse the current cycle.

Business interruption (BI) continues to be a core focus of insurers and is now in greater focus due to geopolitical tensions impacting supply chain and commodities markets. As volatility persists and margins in certain sectors skyrocket, underwriters are scrutinizing reported exposures and challenging client assumptions and methodologies. This scrutiny includes market pressure for the [LMA 5515A](#) BI volatility clause, which adjusts recovery caps based on factors including “actual business results” and “expected business results” as defined in the clause to proportionally reduce agreed cap limitations, accounting for partial outages. Previous versions of this clause including the predecessor clause, LMA 5515, typically only impacted claims in large or total outage scenarios. Clients who are able to clearly articulate their BI calculation methodology and exposure tracking procedures will achieve more favorable market results.

While market conditions continue to be favorable, rapid advancements in technology are reshaping risk management and insurance for clients, insurers and brokers. Insurers are all progressing at different rates, but are all deploying AI-driven tools to improve their operations and increase underwriting margins. These tools are also beginning to impact the underwriting process as insurers employ new technology to review risk engineering, evaluate sites using satellite imagery, price accounts and improve the precision in differentiating risks based on quality. At the same time, clients are adopting new AI tools to strengthen operations. Underwriters' focus on risk differentiation remains paramount to optimal risk transfer results. As underwriting becomes more data-driven, clients must utilize the tools at their disposal and work proactively with brokers, to differentiate their risk from peers with information including risk identification and analysis data, inspection and mechanical integrity trends and reliability metrics.

While some fears exist in the market around cyber events resulting from overreliance on AI-driven intervention and automation, insurers also understand these tools have the ability to significantly reduce human error-driven losses and improve client operations and safety as well as their own profitability. Organizations with technology-driven risk management will continue to see the strongest results in 2027 and beyond.

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Environmental



Rate predictions

Contractors pollution liability (CPL)

flat to +5%

Combined environmental + casualty/professional/excess

+5% to +10%

Site pollution liability

(PLL/EIL, pollution legal liability/environmental impairment liability)

flat to +10%

Environmental

Key takeaways

Growth in AI infrastructure and data center development is expanding environmental insurance solutions, creating new opportunities for clients to address emerging operational risks.

01

Recent market expansion has resulted in all-time high capacity and downward pressure on rates despite the increasing cost of claims.

02

Carriers are responding to the operational exposures of data centers with specialized coverage for noise disturbance and radioactive materials.

03

Clients are enhancing their environmental incident reporting protocols and expense documentation to potentially improve claim outcomes.

04

Programs for new data center projects address diverse exposures, including construction, cooling, fire suppression, noise and radioactive materials.

Markets

- 2026 began with mergers of environmental markets with differing strategies. These new entrants and existing markets continue to adjust their capacity, policy-term and pricing strategies to maintain profitability in the face of ever-increasing competition
- Even as they face global economic uncertainty, carriers are looking to expand their product offering and appetites for environmental coverage to address new client needs
- Layered programs involving multiple carriers can help clients access additional capacity while strengthening insurer 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

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

- 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 2025/2026, 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
- Regulatory-driven PFAS claims are arising from expanded monitoring beyond a location's original contaminants of concern — creating possible consequences for both active and closed cleanup sites

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 of 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 liability (CPL) and professional products (for general contractors) and others are combining these coverages with site liability exposures on the same form

- Redevelopment-related claims arising from preexisting conditions, soil and water management and voluntary site investigations are frequent
- PFAS restrictions are now encountered on construction-related programs depending on the contractor's exposure

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Healthcare Professional Liability



Rate predictions

Healthcare professional liability
+10% to +20%

Key takeaways

Predictive analytics, AI, integrated data and specialty-focused risk strategies enable earlier risk identification. Insurers can support healthcare organizations with data-driven insights and tailored solutions that improve patient safety.

01

Advanced analytics will identify risks earlier, moving malpractice management from a reactive to a preventive model.

02

Real-time integration of clinical, claims and operational data improves risk visibility and enables faster intervention.

03

Artificial intelligence will support decision making by identifying treatment deviations and uncovering hidden risk indicators.

04

Customized risk strategies will address unique specialty exposures enabling more targeted risk mitigation.

Market analysis: The future of medical malpractice risk management

The healthcare professional liability market continues to evolve toward a more proactive and data-driven approach to risk management and patient safety. Advances in data analytics, artificial intelligence and predictive modeling are enabling healthcare organizations to identify emerging risks earlier and implement targeted mitigation strategies. In tandem, insurers are expanding their role beyond traditional indemnification through claims analytics, benchmarking, risk consulting and specialty-focused loss prevention programs designed to improve clinical outcomes, reduce claims activity and strengthen enterprise-wide risk management practices.

At the same time, medical malpractice claims continue to present significant challenges for healthcare providers. While overall claim frequency has remained relatively stable in many jurisdictions, claim severity continues to trend upward due to increasing medical costs, higher settlement values, social inflation and larger jury verdicts. High-severity claims involving diagnostic errors, communication breakdowns and treatment delays remain key drivers of losses, particularly among higher-risk specialties such as surgery, obstetrics, emergency medicine and certain behavioral health disciplines.

Current market conditions remain generally stable in most segments except hospital excess which continues to be challenging. Thus, the rest continues to be strong carrier competition in many segments of the healthcare professional liability marketplace. However, insurers continue to closely evaluate provider

quality, claims experience, patient safety protocols and risk management infrastructure when determining pricing and capacity. Organizations that demonstrate a commitment to clinical quality improvement, robust governance, effective incident reporting and ongoing risk mitigation initiatives are often better positioned to secure favorable underwriting outcomes and long-term market stability.

Looking ahead, the integration of technology-enabled risk management tools, enhanced claims trend monitoring and data-driven patient safety initiatives is expected to further transform the healthcare professional liability landscape. Providers and insurers that leverage these capabilities will be better equipped to mitigate emerging exposures, improve patient outcomes, control the total cost of risk and navigate increasingly complex legal and regulatory environments.

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Managed Care E&O, D&O and Cyber



Rate predictions

Public MCOs

- E&O
flat 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)

- E&O
+2.5% to +10%
- D&O
+2.5% to +10%

All other MCOs

- E&O
flat to +5%
- D&O
flat to +5%

Private company, other lines of businesses

- EPL
flat to +5%
- Fiduciary
flat to +5%
- Crime
flat to +5%
- Cyber liability
-5% to +5%

Managed Care E&O, D&O and Cyber

Key takeaways

The managed care liability market is expected to remain stable, with most organizations incurring flat to modest premium increases. Organizations with M&A activity, significant litigation exposure or adverse claims experience may see higher pricing.

01

Antitrust, behavioral health, nuclear verdicts, AI governance and regulatory environment challenge insurers, but capacity remains steady.

02

Third-party administrators (TPAs), pharmacy benefit managers (PBMs) and management services organizations (MSOs) face carrier scrutiny and higher premiums due to the above and concerns with delegated functions and transparency.

03

The D&O market is competitive for favorable risks with strong governance, stable financials and good claims activity.

04

Cyber is highly account-specific. Best-in-class healthcare organizations continue to receive modest decreases to modest increases.

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
- **Exclusions:** Association and cyber exclusions remain common and multiplan out-of-network exclusions are emerging, while Pharmacy Benefit Manager (PBM) policies are seeing added exclusions for rebates, opioids and other emerging risks
- **Challenging risk profiles:** Coverage remains difficult to secure for pharmacy benefit managers, third-party administrators, 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 rates 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
- **Alternative risk financing:** Captives and other alternative solutions are available. Fronted programs are emerging as a viable alternative to traditional captive structures
- **Noncore business diversification:** Expansion into noncore areas is contributing to increased risk and coverage limitations

No new domestic managed care E&O capacity has entered the market with no carriers exiting. Offshore carrier activity remains unchanged. Competition exists among markets, especially for cleaner traditional managed care risks, which may receive multiple quotes; and incumbents are eager to retain business. Increased limit factors (ILFs) have stabilized in excess placements due to competition.

Managed care E&O and D&O carrier meetings are encouraged and can be very valuable, especially since managed care exposures are complex. These meetings assist in differentiating the organization from its peers, help underwriters understand the risks that aren't captured in the submission, improve marketing outcomes and help in building relationships.

Due to the complexity of managed care E&O and D&O, the renewal process should begin early to maintain the most favorable terms.

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Senior Living



Rate predictions

Professional liability
+5% to +15%

Auto liability
+8% to +15%

Property
-5% to +5%

Workers' compensation
-5% to flat

Key takeaways

Senior living insurance conditions are improving in some areas, but underwriting remains disciplined. Focus on punitive damages coverage, maintain abuse coverage and highlight strong risk management to support favorable outcomes.

01

Professional liability rates are stabilizing, though difficult venues and developed losses continue to see closer underwriting and increases.

02

California remains a volatile venue as nuclear verdicts increase; the March 2026 Hernandez case jury award included \$100 million in punitive damages.

03

Seek affirmative punitive damages coverage across the liability tower with most favorable venue wording.

04

Some excess carriers now offer \$5 million versus \$10 million capacity; abuse coverage remains broadly available.

Property

- The property marketplace for senior living is essentially stable, but any risk with catastrophic exposure will be heavily scrutinized through probable maximum loss (PML) studies and consideration of facultative reinsurance
- Some smaller senior living accounts are experiencing deductible increases
- Accounts with a challenging loss history, heavy catastrophe (CAT) exposure or locations with unmitigated risk exposures are exceptions to the ranges above
- 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

Auto liability

- Auto coverage is often packaged with property or workers' compensation, though professional liability and general liability relationships can also be leveraged, depending on the carrier. The market for standalone auto programs, particularly those with hired and non-owned hired and non-owned auto (HNOA) exposure, remains challenging
- Underwriters continue to focus on fleet safety programs and expect controls addressing both owned and non-owned auto exposures. When marketing these accounts, it is important to clearly highlight established safety protocols and controls
- Be prepared to implement motor vehicle record (MVR) reviews annually and upon hire with defined evaluation criteria if you're not already conducting this risk assessment measure
- We continue to see larger rate increases for smaller fleets and HNOA exposures as carriers account for increased claim severity

Workers' compensation

- Many markets for senior living have broad workers compensation appetites and are comfortable writing monoline without supporting business
- Monoline workers' compensation carriers tend to purchase less reinsurance, which in turn allows them to have greater flexibility in their underwriting appetites
- Underwriters continue to focus on controls, safety culture and "lessons learned" after a loss to prevent similar future losses
- Safety, health and return-to-work programs are key in this area
- We recommend partnering with your insurer and broker in risk control measures to foster open communication and drive optimal results

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Life Sciences



Rate predictions

Property
+5% to +10%

Workers' compensation
-3% to +5%

Auto liability
+10% to +20%

General liability (non-products/professional)
flat to +10%

UMB
+10% to +20%

Products/professional
-5% to +5%

Life Sciences

Key takeaways

Overall rates in life sciences are mostly stabilized — we are not expecting any changes in current trends over the next several months.

The changing landscape of the life sciences industry, whether regulatory or technological, has and continues to fuel innovative solutions. Keeping ahead of these changes is critical for maintaining operational stability and drives a holistic approach toward providing solutions for our clients.

01

With AI central to R&D, clinical trials and regulatory workflows, carrier markets are quickly adapting policy structures around digital risk. This shift has shown an increase in costs surrounding certain coverages as the industry migrates through unknown litigation waters.

03

Geopolitical events around the world have led to instability in supply chains that are crucial to the life Sciences industry, especially within the manufacturing and distribution markets.

02

Social inflation, nuclear verdicts and litigation funding continue to drive overall claims costs. Changing legal tactics are likely to continue, which puts pressure on both available market capacity and future rate stability.

We continue to see new carriers entering the life sciences market, particularly in the excess layers, which is adding capacity and helping maintain competitive conditions, while carriers continue to maintain disciplined underwriting. At the same time, insurers remain focused on claims severity, including social inflation, litigation funding and larger liability awards, which could influence underwriting and pricing going forward.

With rate momentum slowing due to economic pressures and an influx of carrier capacity, we expect continued competition in the marketplace. Rates are largely dependent on individual risks, with single digit rate decreases readily available for well-managed risks that have forecasted increased exposures. Incumbent markets remain diligent toward working to retain their business but are taking a heightened review of shifting industry and litigation trends.

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Rate predictions

International casualty
flat to +5%

International Casualty

Key takeaways

International casualty remains competitive with strong global solutions and capacity. Key limitations include Russia/Belarus/Ukraine restrictions, PFAS (per- and polyfluoroalkyl substances) concerns and communicable disease exclusions. Efficiency grows through carrier consolidation and coordinated casualty coverage.

01

International casualty market remains healthy and competitive with adequate capacity — confident and competitive marketplace continues to offer insureds global solutions.

02

Coverage territory restrictions for Russia, Belarus and Ukraine. Limited coverage in the Middle East if the insured has significant presence in the region. Robust risk mitigation protocols help to avoid territory exclusions. PFAS concerns and communicable disease exclusions.

03

Renewal budgeting — buyers can drive economies of scale and operational efficiency by partnering with carriers who support multiple lines of coverage.

04

Risk management — prevent gaps with coverage coordination; the three casualty lines (U.S., Umbrella and International) should remain closely connected.

International casualty — North America market summary

The international casualty market in North America remains healthy, competitive and supported by adequate capacity. The market continues to provide multinational organizations with access to broad global casualty solutions, and insurers remain interested in supporting both existing and new business opportunities. Overall market conditions are stable, although insurers continue to monitor emerging risks and geopolitical developments that may influence coverage availability and underwriting practices. Organizations that begin the renewal process early, define clear objectives and engage strategically with carrier partners are likely to achieve the strongest outcomes.

A key theme for upcoming renewals is the importance of preparation and collaboration. Buyers are encouraged to establish and document clear renewal goals, maintain disciplined timelines and provide consistent exposure information to insurers.

Accurate and transparent data enables carriers to evaluate risks more effectively and often enhances negotiation outcomes. Organizations should also consider working with carriers that can provide solutions across multiple lines of business and offer technology-enabled reporting capabilities. In addition, multinational companies should clearly communicate local policy requirements and country-specific documentation needs, such as Know Your Customer (KYC) requirements, early in the renewal process to support efficient and timely policy issuance.

From a pricing perspective, market expectations remain relatively favorable. Rate activity is projected to range from flat to increases of up to 5%, reflecting a stable environment supported by strong competition among insurers. Despite challenges in the broader risk landscape, carriers continue to demonstrate confidence in the casualty marketplace and remain willing to offer global solutions. Insurers are also investing in data analytics, technology and service capabilities designed to improve program administration, drive efficiency and enhance overall customer value.

These investments may help organizations gain better visibility into risk, streamline reporting requirements and improve multinational program management.

Several coverage limitations continue to affect the market. Geopolitical concerns remain prominent, particularly regarding Russia, Belarus and Ukraine. Coverage territory restrictions continue to apply to Russia and Belarus, while securing comprehensive coverage solutions for Ukraine can present additional challenges. Another significant area of focus for the carriers is PFAS. Insurers remain cautious when evaluating risks involving manufacturing and retail operations due to potential PFAS exposures. Communicable disease exclusions also continue to be common across casualty programs, reflecting insurers' ongoing efforts to manage exposure stemming from pandemic-related and public health risks. Additionally, cyber-related exposures are increasingly being identified and redirected to specialized cyber insurance solutions rather than remaining within conventional casualty programs.

Organizations can improve renewal outcomes by pursuing greater carrier consolidation and leveraging economies of scale. Buyers may benefit from partnering with insurers that support multiple lines of coverage, which can simplify program administration and potentially reduce overall operating costs. Administrative expenses represent a meaningful component of multinational insurance program costs in addition to pure risk transfer costs. As a result, organizations that streamline carrier relationships may achieve greater efficiency and consistency across their insurance portfolio. In certain situations, insurers may also be willing to offer multi-year agreements or early commitments to renewal terms, providing greater pricing certainty and reducing market volatility exposure.

Effective risk management remains a critical component of successful multinational casualty programs. Organizations should ensure close coordination between U.S. primary casualty coverage, umbrella liability programs and international casualty policies to prevent gaps or inconsistencies in protection. Decisions regarding local policy limits and the number of local policies should balance cost considerations against local regulatory requirements, evidence-of-insurance

needs and claims servicing expectations. Maintaining a consistent approach to underwriting information across jurisdictions can further support favorable insurer engagement and program performance.

The market also offers solutions tailored to different organizational sizes and risk profiles. Numerous insurers actively pursue middle-market business and can provide either standalone casualty coverage or broader package solutions that include additional lines such as property insurance. For larger multinational organizations, casualty-only structures are more common; however, alternative risk financing options, including captive arrangements, may also be available to address complex risk management objectives. These flexible approaches allow buyers to align coverage structures with their operational, financial and strategic priorities.

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Personal Lines



Rate predictions (United States)

Homeowners/standard property
–5% to +2%

Wildfire-exposed property
+5% to +15%

Coastal property
–10% to +5%

Personal umbrella
+10% to +15%

High-value homes
–5% to +5%

Personal auto
+5% to +10%

Flood
+5% to +15%

E&S personal lines
+5% to +15%
premium growth

*Ranges reflect expected market conditions and will vary based on geography, claims history, catastrophe exposure, valuation adequacy and insurer appetite.

Personal Lines



Rate predictions (Canada)

High-net-worth homeowners

+5% to +8%

Excess liability/umbrella

+2% to +8%

Secondary homes and cottages

+5% to +12%

Valuable articles and collections

+3% to +8%

Watercraft and recreational assets

0% to +7%

Personal cyber

0% to +10%

Personal automobile

-2% to +4%

Flood and catastrophe-exposed property

+8% to +20%

*Ranges reflect expected market conditions and will vary based on geography, claims history, catastrophe exposure, valuation adequacy and insurer appetite.

Personal Lines

Key takeaways

U.S. and Canadian personal lines markets remain selective as climate risk, liability pressure and technology shape pricing, capacity and long-term insurability.

01

Property pricing is stabilizing, but underwriting remains highly risk- and location-specific.

02

Climate-driven catastrophe exposure continues to influence pricing, capacity and insurer appetite.

03

Technology, AI and enhanced data are reshaping underwriting and risk assessment.

04

Risk mitigation and accurate valuations remain key to favorable renewal outcomes.



United States

The U.S. personal lines market is entering 2027 in a more balanced position. Property pricing is stabilizing as competition, reinsurance stability and capacity improve, but carriers remain disciplined because catastrophe exposure, replacement cost inflation, climate volatility and liability severity continue to affect results. Reviews are increasingly property-specific, focusing on roof condition, construction quality, water detection, smart-home devices, wildfire defensible space and accurate replacement cost valuations.

Standard homeowners and coastal property owners are seeing stable to modestly softer conditions where capacity and loss experience have improved. Florida and parts of the Southeast are seeing rate reductions and greater deductible flexibility. High-value home outcomes have improved in selected states, including Florida, Massachusetts, New York, New Jersey, Connecticut and Colorado. Capacity remains constrained in California, Texas, South Carolina and Hawaii, especially for wildfire, flood or older properties valued above \$10 million.

The E&S market remains a permanent placement solution as admitted carriers restrict appetite in catastrophe-exposed regions. U.S. surplus lines premiums exceeded \$90 billion in 2025, and the source material noted \$23 billion weather disasters in 2025. Carriers are using tighter risk selection, wind and hail deductibles, roof payment schedules, coverage restrictions and aggregate management. Flood, wildfire, auto and umbrella remain pressured. AI, aerial imagery, geospatial tools and connected-home monitoring are also improving data validation and risk assessment.

Canada

The Canadian market remains stable but increasingly selective. Insurance companies are focusing on risk quality, geography, mitigation, claims history and profitability rather than broad market action. Capacity is generally available, but high-value, complex and catastrophe-exposed properties face stronger scrutiny. Water shut-off technology, leak detection devices, backwater valves, backup power, wildfire preparedness and updated valuations can support favorable outcomes and long-term insurability.

Wildfire, flood, hail, severe storms and winter weather continue to reinforce the importance of resilience and risk selection. For affluent households, discussions are shifting from annual premium savings toward catastrophe preparedness and protection of wealth and lifestyle assets. Clients should review limits, deductibles and options as exposures and asset values change.

Auto remains pressured by repair cost inflation, theft, medical and injury costs, labor shortages, parts delays and longer rental durations. Ontario moved to a modular accident benefits model effective July 1, 2026, increasing consumer choice and underinsurance risk. Alberta is preparing to implement its Care-First model on January 1, 2027. Personal cyber, valuable articles, collections, watercraft and recreational assets are also becoming more relevant.

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Product Recall



Rate predictions

Recall and contamination throughput: Driver

Long-standing relationship

flat to +2%

Marginal loss experience

+15% to +25%

Key takeaways

Emerging contamination events, regulatory changes and supply chain pressures are increasing underwriting scrutiny across food and manufacturing sectors. These trends may contribute to higher loss frequency, severity concerns and evolving risk selection.

01

Cyclospora-related leafy green recalls are causing restaurant market conditions to harden and elevating contamination and business interruption exposures.

02

Semiconductor manufacturing growth increases property exposures, supply chain dependencies and accumulation risk.

03

Expanding EU PFAS regulations are driving greater scrutiny of chemical use, disclosure obligations and product recall potential.

04

Food manufacturers face continued pressure from ingredient volatility, supplier disruptions and heightened recall activity.

The product recall market continues to face a convergence of risk factors that are increasing underwriting scrutiny across the food and manufacturing sectors. Recent Cyclospora-related leafy green contamination events have contributed to hardening within portions of the food supply chain, particularly within fresh produce, as buyers seek alternative sources and navigate supply constraints. Historically, disruptions of this nature have tended to increase both contamination exposure and the potential severity of recall events as sourcing networks become more complex and supply chain visibility is challenged.

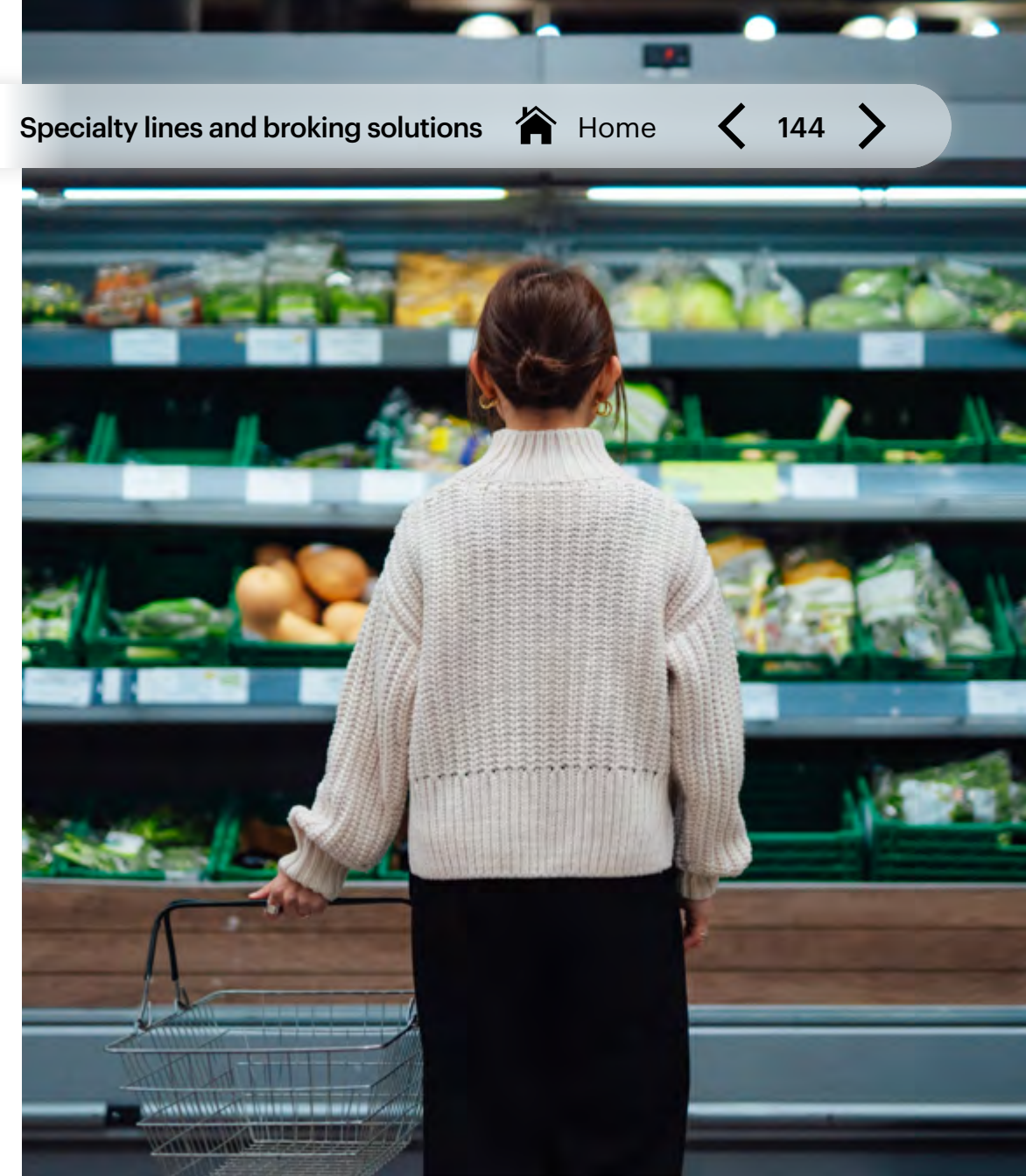
Beyond food, the continued expansion of semiconductor manufacturing is drawing greater attention to supply chain interdependencies and accumulation risk. As industries become increasingly reliant on a relatively concentrated group of suppliers and manufacturing facilities, a single quality or defect event has the potential to create significant downstream losses affecting multiple insureds.

At the same time, evolving per- and polyfluoroalkyl substances (PFAS) regulations, particularly within Europe, are increasing compliance and product stewardship concerns for manufacturers.

Heightened regulatory oversight raises the potential for product withdrawals, reformulations, labeling challenges and future recall activity as companies work to adapt to changing requirements.

While these developments have prompted increased underwriting discipline, the overall recall market remains competitive from a capacity perspective. Available capacity continues to be led by established recall insurers, specialty MGA platforms and the London market. Notably, much of the new market participation and incremental capacity introduced over the past 24 months has originated from MGA-driven facilities rather than traditional carrier entrants, helping to sustain competitive conditions despite growing risk complexity.

Taken together, these developments reinforce a broader underwriting trend toward risk selection and disciplined capacity deployment. Underwriters are placing increased emphasis on supplier management, traceability, quality control programs, crisis response planning and regulatory compliance frameworks. While the recall market remains competitive, these emerging exposures are contributing to a more cautious underwriting environment, particularly for food producers, ingredient suppliers and manufacturers operating within highly regulated or complex global supply chains.



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