

AUGUST 2026

Capitalizing on a competitive market

Life sciences market update

LOCKTON®

EXECUTIVE SUMMARY

The market is favorable, but the questions are getting harder.

The life sciences insurance market remains highly competitive, with ample capacity and stable to declining rates across most lines. Directors and officers (D&O) and employment practices liability (EPL) markets continue to offer favorable pricing despite increased claims activity.

UNDERWRITING FOCUS AREAS

Insurers are becoming more selective, placing greater scrutiny on:

- Financial performance and governance
- Cybersecurity and data quality
- Workforce and human capital risks
- Emerging exposures, including AI, PFAS, privacy regulations, and litigation funding

AREAS OF CONTINUED PRESSURE

Commercial liability remains the most challenging market segment, with ongoing rate pressure driven by increasing claim severity, social inflation, and nuclear verdicts.

WHAT ORGANIZATIONS SHOULD DO

Companies that demonstrate strong risk management practices, provide transparent underwriting data, and regularly evaluate program structures will be best positioned to maximize favorable market conditions and prepare for future shifts.



Contents

04 **Product & professional liability**

Market outlook: Competitive

05 **Directors & officers (D&O)**

Market outlook: Flat

07 **Employment practices liability (EPL)**

Market outlook: Flat

09 **Cyber**

Market outlook: Favorable

10 **Commercial liability (non-product/professional)**

Market outlook: Stabilizing

11 **Workers' compensation**

Market outlook: Stable

12 **Property**

Market outlook: Favorable

13 **Recommendations**



PRODUCT & PROFESSIONAL LIABILITY

Competition keeps liability pricing favorable

The life sciences product/professional market remains highly competitive, with generally declining pricing trends and favorable conditions expected to persist through the end of the year. Capacity remains abundant across the U.S., London, and Bermuda markets, supported by continued insurer interest in the sector.

Life science-focused insurers continue to monitor many of the same challenges facing the broader casualty marketplace, the increased prevalence of third-party litigation funding, and evolving concerns related to PFAS, commonly known as “forever chemicals.” However, significant amounts of underwriting capacity have offset these headwinds.

As a result, competitive pressures remain intense, with incumbent carriers aggressively defending market share and contributing to continued rate reductions across both primary and excess placements. Excess layer pricing remains competitive, with lower attachment point relativities typically below 50%.

Despite capacity driving rate decreases, underwriting discipline has remained consistent overall, and carriers have not materially broadened their appetite for higher-hazard product classes. That said, the increasingly competitive environment is prompting select insurers to evaluate opportunities beyond their traditional target classes, leading to more flexible underwriting approaches for well-managed risks that may have previously fallen outside core appetite parameters.

MARKET OUTLOOK

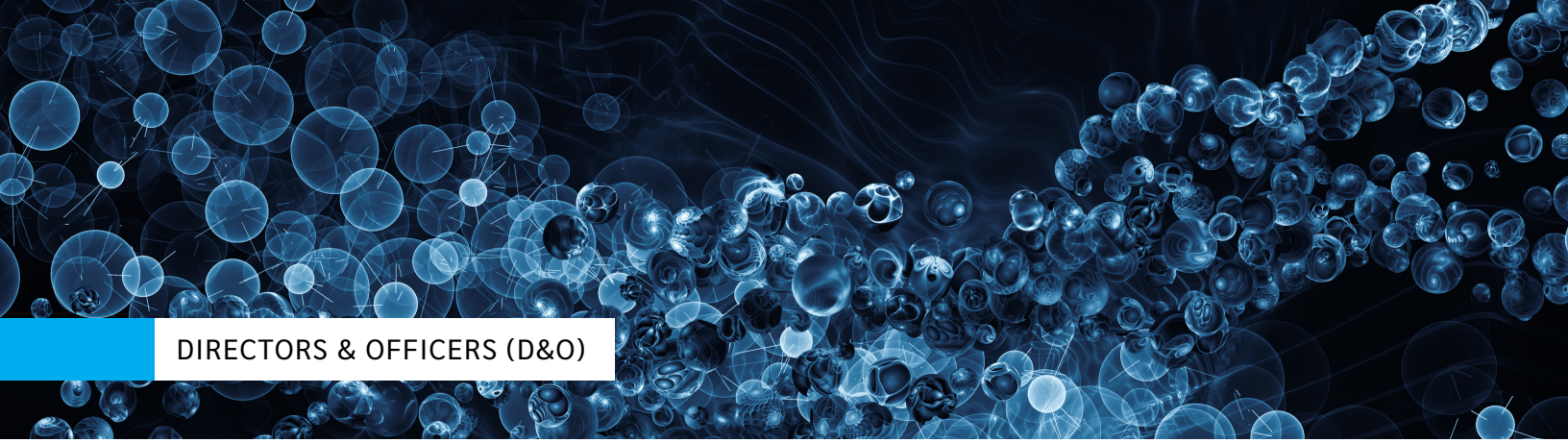
COMPETITIVE

-12% to -2%

Rate change benchmark

How to capitalize

Leverage abundant market capacity and competition to secure favorable pricing, broader coverage, and optimized program structures by presenting a strong risk profile.



DIRECTORS & OFFICERS (D&O)

Flat renewals & abundant capacity keep the D&O market favorable

Public companies

The public company D&O market continues to stabilize, with most renewals pricing flat. That said, carriers are drawing a firmer line on primary and low-excess layers, where modest rate increases are becoming more common.

This shift reflects a broader return to underwriting discipline after several years of competitive pricing pressure. Insurers continue to respond to increasing claims severity, driven by larger derivative settlements, event-driven litigation, and escalating defense costs that are penetrating deeper into D&O towers.

Life sciences and biotech companies continue to draw increased attention from securities plaintiffs, making them a persistent frequency risk. However, this sector also benefits from above-average dismissal rates, which can help temper the overall impact.

Underwriters are sharpening their scrutiny on life sciences companies that exhibit one or more of these characteristics:

- Clinical trials in later stages
- Foreign parent company exposure
- Liquidity or balance sheet challenges
- Reliance on government funding
- Oncology-focused drug pipelines

MARKET OUTLOOK

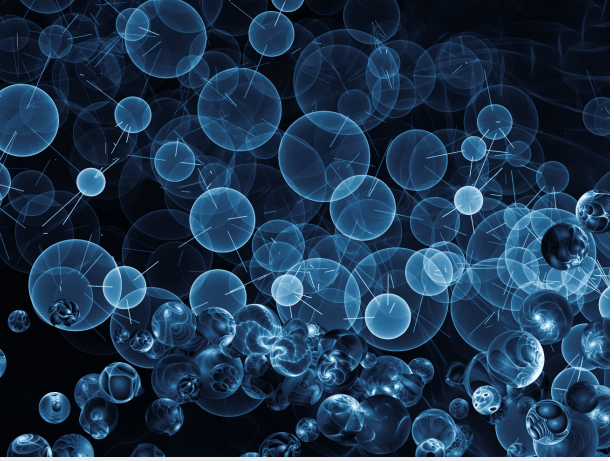
FLAT

-5% to flat

Public rate change benchmark

How to capitalize

Leverage favorable conditions to optimize program structure and strengthen coverage. Differentiate your risk through strong governance, financial discipline, and transparent stakeholder communications.



MARKET OUTLOOK

FLAT

Flat to +5%

Private and nonprofit rate change benchmark

How to capitalize

Leverage favorable conditions to optimize program structure and strengthen coverage. Differentiate your risk through strong governance, financial discipline, and transparent stakeholder communications.

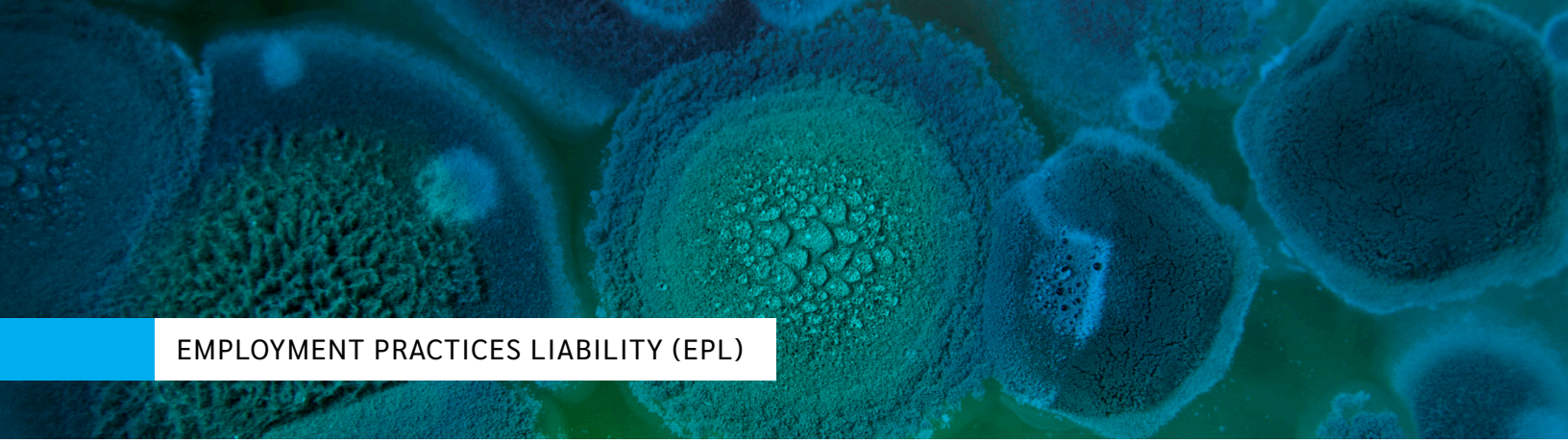
By contrast, the initial public offering (IPO) market represents a bright spot. Strong insurer appetite and abundant capacity continue to drive competitive pricing and retentions for first-time public companies, including many life sciences issuers. While these companies face the same underlying litigation and clinical-stage risks, competition among insurers pursuing IPO business continues to support favorable underwriting outcomes.

Private & nonprofit companies

The private and nonprofit D&O market remains competitive, but recent six-month trends indicate a more selective posture than last year's softening environment. Carriers have signaled that pricing has largely bottomed out, with continued claims activity, social inflation, and regulatory changes all impacting insurer profitability.

Carriers are also seeking to reprice accounts with meaningful loss activity, in some cases pushing for premiums that are double expiring levels.

In addition to a heavy focus on financials, liquidity, and cash runway, underwriters are scrutinizing governance standards, disclosure practices, and business continuity protocols.



EMPLOYMENT PRACTICES LIABILITY (EPL)

Strong carrier competition continues to support stable EPL market conditions

The EPL insurance market remains generally stable, with strong carrier competition continuing to moderate pricing pressure for most life sciences organizations.

Insurers are applying greater discipline to organizations with adverse loss histories, significant workforce growth, restructuring activity, or elevated employee relations exposures.

Life sciences companies continue to be viewed as a moderate-to-high EPL risk due to their reliance on specialized, highly compensated talent; intense competition for employees; and frequent organizational changes. As a result, insurers frequently seek higher rates and tighter underwriting terms for this sector.

Traditional EPL exposures, including harassment, discrimination, retaliation, and wrongful termination claims, remain primary drivers of loss activity. However, underwriters are increasingly focused on emerging workforce risks. The use of artificial intelligence in recruiting, hiring, performance management, and workforce decision-making has introduced new concerns around bias, discrimination, transparency, and regulatory compliance. At the same time, reductions in force, workforce restructuring initiatives, and evolving workplace expectations continue to elevate employment-related litigation risk.

MARKET OUTLOOK

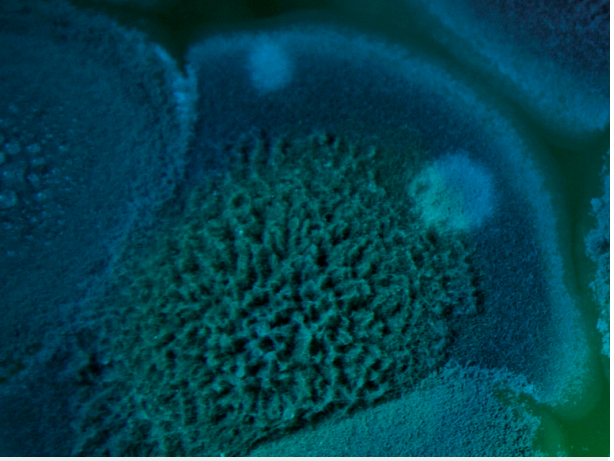
FLAT

-5% to flat

Rate change benchmark

How to capitalize

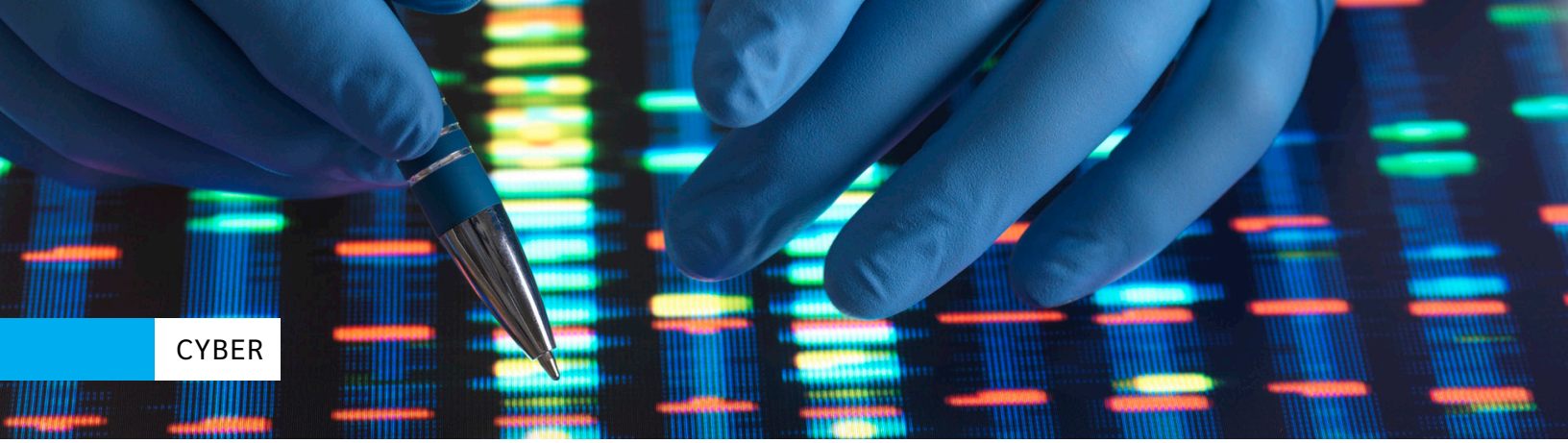
Strengthen coverage while market conditions remain favorable. Demonstrate disciplined workforce governance, compliance oversight, and proactive management of emerging employment risks.



Insurers are also closely monitoring developments related to privacy and employee data practices. Increased adoption of biometric technologies, expanded state pay transparency requirements, and growing pay equity regulations are prompting carriers to reevaluate coverage intent and, in some cases, introduce specific exclusions, sublimits, or retention requirements.

Across both public and private company placements, insurers are increasingly utilizing separate retentions for class action exposures, wage-and-hour-related allegations, and claims involving highly compensated employees. Public companies face additional scrutiny for state-specific employment risks, particularly in jurisdictions such as California and New York. For private companies, the market has shown signs of modest firming where workforce volatility, rapid growth, or adverse claims experience is present.

Organizations that can demonstrate strong human capital strategies, effective governance, proactive compliance programs, and disciplined workforce risk management will be best positioned to secure favorable pricing, broader coverage, and long-term market support.



CYBER

Strong carrier competition continues to support stable EPL market conditions

Cyber insurance market conditions remain favorable for life sciences organizations, supported by abundant capacity, strong carrier competition, and generally stable renewal pricing for organizations that demonstrate mature cybersecurity practices and favorable loss performance.

At the same time, carriers continue to signal that pricing has largely bottomed out and underwriting discipline is increasing as insurers seek to maintain profitability and respond to a rapidly evolving threat landscape. Underwriters are placing heightened emphasis on exposures unique to the life sciences sector, including intellectual property, clinical trial data, patient health information, genetic data, and other proprietary research assets that represent significant concentrations of value and risk.

Underwriters are also taking a closer look at third-party dependencies, particularly relationships with CROs, CMOs, CDMOs, cloud service providers, and other critical vendors, as supply-chain and aggregation risks remain a significant concern and continue to drive assessments of business interruption and ecosystem-wide exposures.

Emerging risks continue to shape underwriting expectations and coverage considerations. Insurers are evaluating organizations' preparedness for AI-enabled cyber threats, non-breach privacy claims, evolving regulatory requirements, and increasingly complex global data protection obligations. As a result, organizations that can demonstrate strong cybersecurity governance, effective vendor risk management, robust incident response capabilities, and mature privacy and data protection programs are best positioned to secure competitive pricing, broader coverage terms, and sustained insurer support.

MARKET OUTLOOK

FAVORABLE

Flat to +5%

Rate change benchmark

How to capitalize

Take advantage of market competition to optimize coverage and program structure. Demonstrate cyber maturity, vendor oversight, and incident response readiness to secure the best results.



COMMERCIAL LIABILITY (NON-PRODUCT/PROFESSIONAL)

Liability market conditions begin to stabilize, but challenges remain

Liability remains the most challenging segment of the property and casualty insurance market, although conditions are beginning to stabilize for many life sciences organizations.

While rate increases have moderated across certain lines, insurers continue to navigate persistent pressures from claims severity, social inflation, litigation funding, and nuclear verdicts. Rising medical costs, higher defense expenses, and extended litigation timelines continue to erode underwriting margins, reinforcing a disciplined approach to underwriting and risk selection.

Capacity is expected to remain generally stable through 2026, but underwriting quality has become a critical differentiator. Carriers are leveraging increasingly sophisticated data analytics to evaluate risk, making the quality and completeness of underwriting submissions more important than ever. Organizations that can clearly articulate their risk profile, operational controls, and evolving exposures are better positioned to secure favorable pricing, terms, and capacity.

Insurers are also intensifying their focus on emerging and complex risks. Particular attention is being paid to exposures associated with artificial intelligence, PFAS, digital communications, privacy regulation, and premises liability. Among these, AI remains one of the most closely scrutinized areas, with insurers evaluating its potential impact across multiple liability lines. Privacy concerns, algorithmic bias, intellectual property disputes, and unintended outcomes from automated technologies are driving increased underwriting scrutiny and prompting carriers to introduce new exclusions, endorsements, and coverage clarifications.

In this environment, organizations that combine strong risk governance, transparent communication, and proactive management of emerging exposures will be best positioned to distinguish themselves in the marketplace and achieve the most favorable underwriting outcomes.

MARKET OUTLOOK

STABILIZING

+5% to +10%

General liability rate change benchmark

+8% to +12%

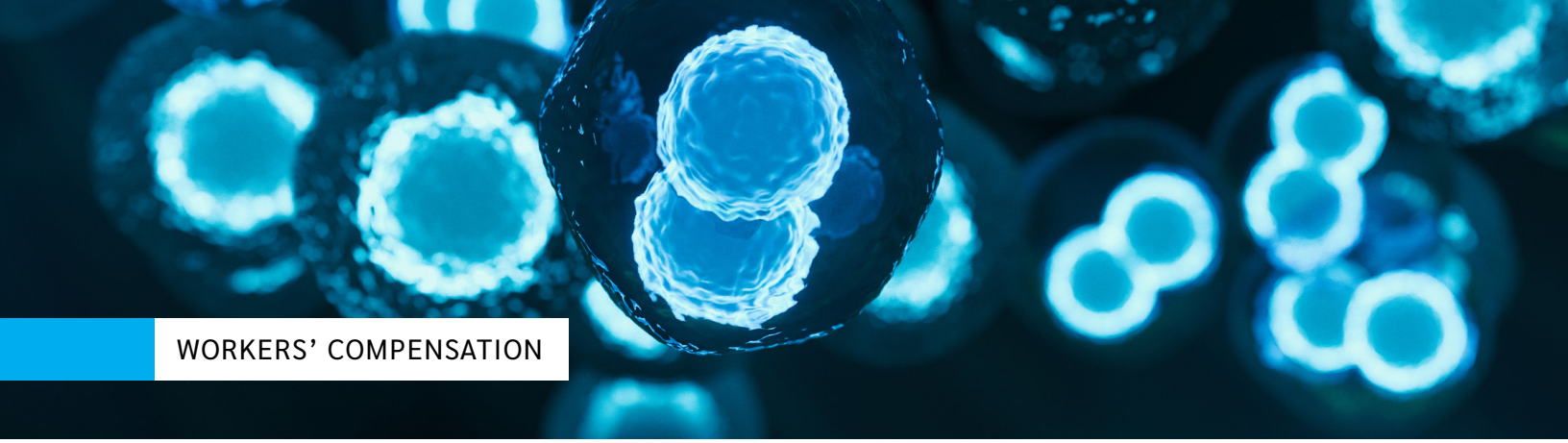
Auto rate change benchmark

+5% to +15%

Umbrella rate change benchmark

How to capitalize

Differentiate your organization through strong underwriting data, operational controls, and proactive management of emerging risks to maximize capacity and favorable terms.



Strong carrier appetite & favorable loss trends sustain workers' compensation market strength

Workers' compensation remains one of the most stable and favorable insurance markets for life sciences organizations, supported by strong insurer profitability, ample underwriting capacity, and sustained competition among carriers.

As a result, most organizations continue to experience flat renewal pricing and broad market access.

Unlike many liability lines facing pressure from economic inflation, social inflation, and escalating litigation costs, the workers' compensation market has benefited from consistently favorable loss trends, declining claim frequency, and effective claims management practices. These fundamentals have enabled insurers to maintain underwriting profitability and continue offering competitive terms.

For life sciences organizations, the current environment presents an opportunity to secure favorable pricing while focusing on workforce safety, return-to-work programs, and claims management strategies that can further strengthen long-term performance and enhance insurer confidence.

MARKET OUTLOOK

STABLE

-2% to flat

Guaranteed cost programs rate change benchmark

-3% to flat

Loss-sensitive organizations rate change benchmark

How to capitalize

Capitalize on favorable pricing by reinforcing safety programs, return-to-work strategies, and claims management practices that support long-term performance.



PROPERTY

Property markets remain firmly in buyers' favor

Property insurance conditions remain highly favorable for life sciences organizations in 2026, driven by abundant insurer and reinsurer capacity, strong market competition, and continued moderation in reinsurance costs.

As a result, many buyers are achieving flat or reduced pricing at renewal, particularly those that can demonstrate strong risk management fundamentals, favorable loss experience, and high-quality exposure data.

At the same time, market conditions are beginning to show early signs of stabilization. While competition among insurers remains robust, some carriers are exercising greater underwriting discipline and demonstrating less willingness to pursue additional rate reductions, suggesting that portions of the market may be approaching sustainable pricing levels.

Despite generally favorable conditions, catastrophe losses continue to shape the long-term outlook. Global insured losses once again exceeded $100 billion in 2025, reflecting the growing impact of severe weather events and wildfire activity. Reinsurers remain supportive of the current market environment and continue to provide ample capacity, helping sustain competitive conditions. However, a significant catastrophe event or continued pressure on underwriting profitability could prompt a shift in market dynamics, reinforcing the importance of proactively securing favorable terms while conditions remain advantageous.

MARKET OUTLOOK

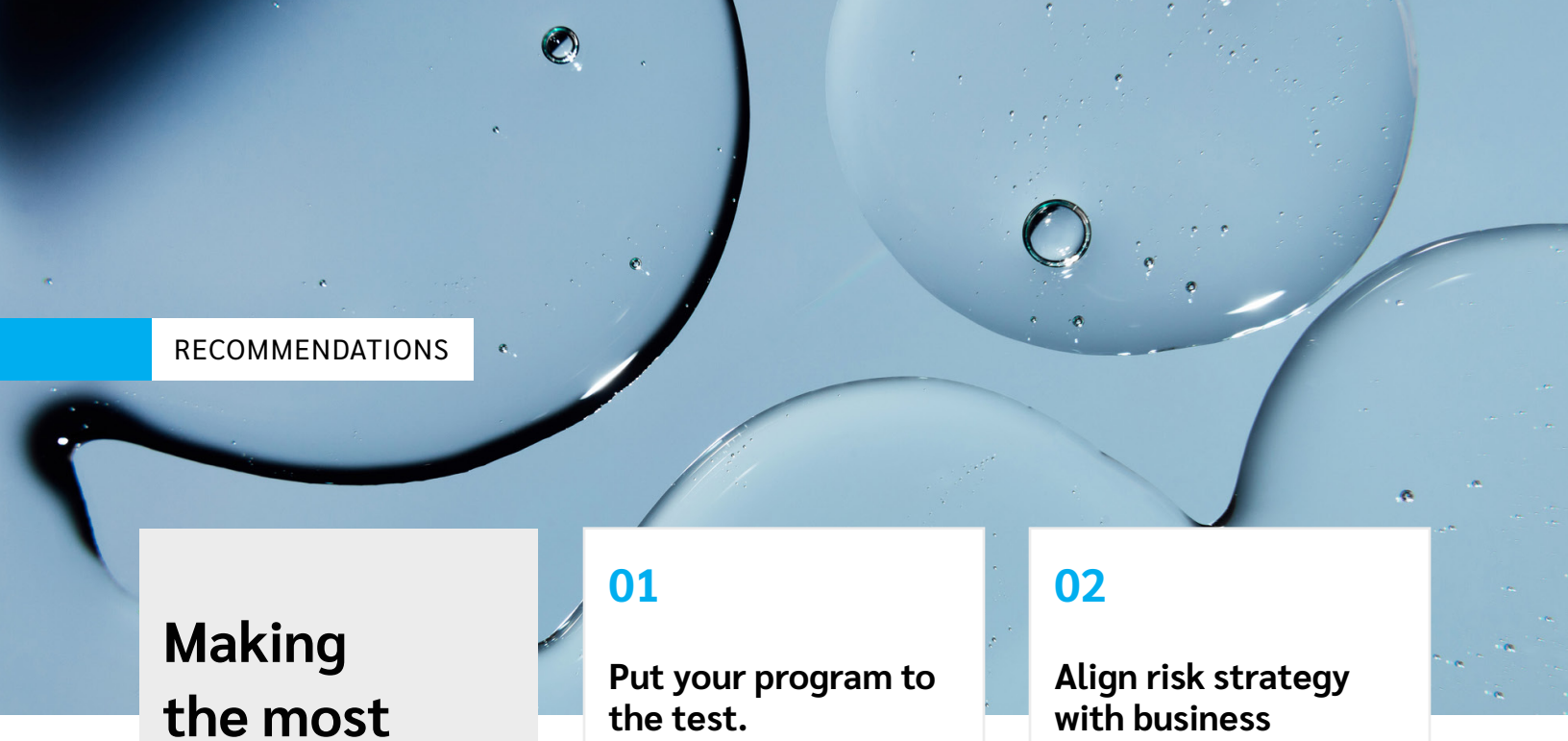
FAVORABLE

-10% to -5%

Rate change benchmark

How to capitalize

Enhance coverage, optimize program structure, and secure long-term commitments while conditions remain favorable. Strong exposure data and property risk controls will drive the strongest outcomes.



RECOMMENDATIONS

Making the most of today's market opportunities

01

Put your program to the test.

Leverage today's favorable market conditions to reassess coverage, pricing, and program design. Organizations that haven't recently marketed their program may uncover meaningful opportunities.

02

Align risk strategy with business priorities.

Use today's market conditions to reevaluate risk assumptions, optimize program design, and ensure your insurance strategy aligns with broader business objectives.

03

Strengthen your risk story.

Insurers increasingly reward organizations that can demonstrate strong risk governance, effective controls, and a commitment to loss prevention. Make sure your risk management efforts are visible and measurable.

04

Don't let underwriters fill in the blanks.

A well-executed market strategy includes meaningful dialogue with both incumbent and backup carriers, helping secure the strongest terms, conditions, and pricing available.

05

Watch for coverage erosion.

As the market remains competitive, carriers may seek to tighten terms and introduce new exclusions. Regularly review policy language to preserve coverage breadth.

GET BACK TO BREAKTHROUGHS

Lockton helps life sciences organizations reduce complexity, improve coordination across challenges, and gain clearer visibility when critical decisions need to be made. The result is less time spent managing risk and more time focused on innovation, execution, and advancing new ideas to market.

Our expertise runs deep

- Biotechnology
- Pharmaceuticals
- Compound pharmacy
- Specialty pharmacy
- Durable medical equipment
- Medical devices
- CRO & SMO
- CDMO & CMO

Get in touch

For more information about our insurance and risk solutions:

Visit our website

Connect directly with our team:

Connect now

CONTRIBUTORS

David Salvucci
National Practice Leader
Life Sciences

Cristina Zell
Account Executive
Life Sciences



UNCOMMONLY INDEPENDENT

lockton.com | © 2026 Lockton Companies. All rights reserved.

C | 8826870 0826