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LOCKTON MARKET UPDATE

Room to maneuver



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CONTENTS



03 A LETTER TO OUR READERS

04 EXECUTIVE SUMMARY

07 ECONOMIC CONDITIONS

14 COMMERCIAL INSURANCE

21 OUTSIDE PERSPECTIVES

22 SPOTLIGHT: DATA CENTERS

25 PROPERTY

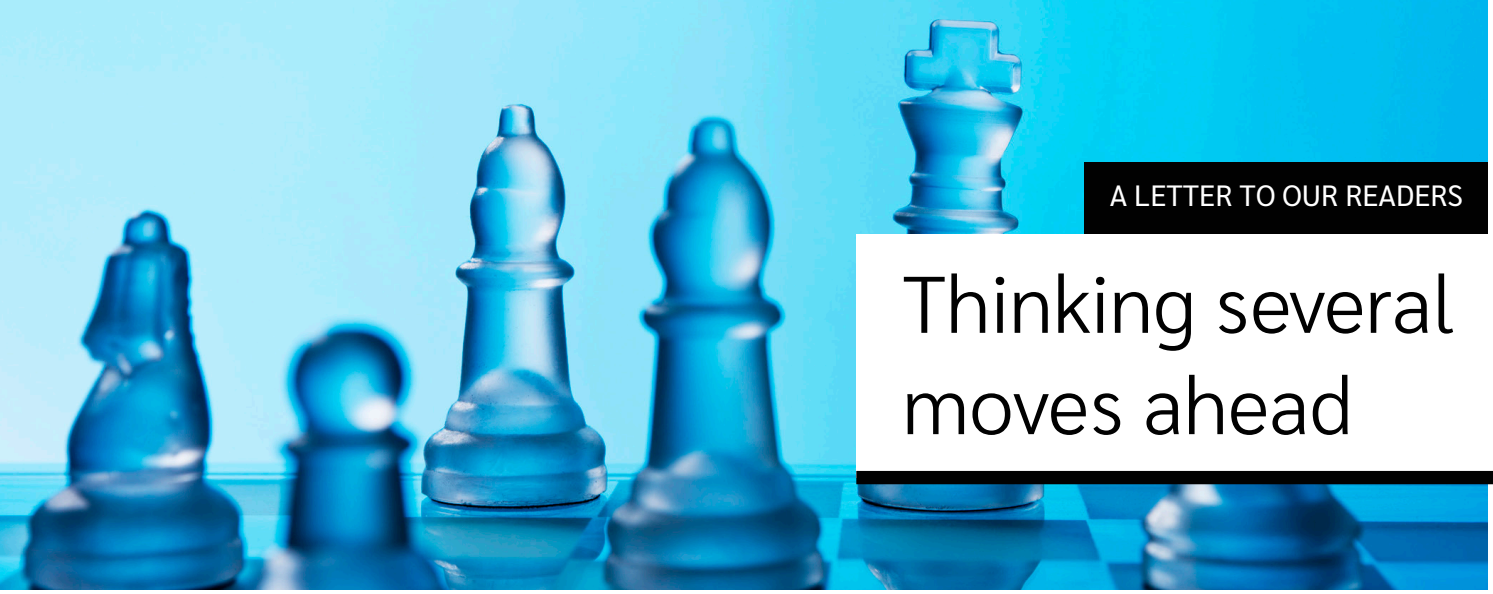
28 WORKERS' COMPENSATION

31 LIABILITY

36 EXECUTIVE RISK

43 CYBER & TECHNOLOGY

47 RECOMMENDATIONS



A LETTER TO OUR READERS

Thinking several moves ahead

To a newcomer, the game of chess can look deceptively simple: 64 squares on a board; 32 pieces, each of which can move only in highly specific ways; and a handful of rules one can learn in a day.

But there's far more to the game than those basics. The board looks different to experienced players, who can often think 10 steps ahead.

The same can be said of the P&C insurance market. On the surface, capacity remains abundant, pricing is competitive across most lines, and renewals are being completed with less effort than in the past. Buyers have more options than they've had in years, and insurers' financials remain strong.

But the underlying forces are more complex. Economic uncertainty continues to build: Oil prices and inflation are rising, as are Treasury yields and debt. The Federal Reserve faces the difficult task of containing inflation without triggering financial disruption, weakening employment, or pushing the economy into recession. Meanwhile, consumers remain unsettled, and businesses face evolving supply chains, tariff uncertainty, and escalating artificial intelligence (AI) investments.

Despite these worries, insurers remain profitable. Reduced catastrophe activity has helped, as have higher interest rates that have fueled strong investment income. But high interest rates also raise the cost of capital.

Across the industry, growth and pricing momentum are slowing in many segments. Casualty loss trends, reserve adequacy, and loss cost inflation remain key concerns.

Against this backdrop, underwriting decisions are becoming increasingly nuanced. Individual account profitability remains important, but it is no longer the entire equation.

Carriers are allocating capital based not only on the quality of a specific risk, but also on portfolio mix, geographic concentration, industry exposure, attachment points, catastrophe aggregation, and expected returns. Two organizations with very similar risk profiles can have materially different renewal experiences.

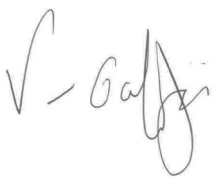
None of this suggests imminent, drastic change. Results remain favorable, most insurers remain well capitalized, and current conditions are unlikely to abruptly change.

However, it's a reminder that a favorable market can still require a sophisticated strategy. Lower pricing and broader terms remain valuable, and for many organizations, a cheaper renewal has become the expectation.

The greater opportunity, however, is to think beyond the current cycle. Use favorable conditions to revisit program structures, reassess retentions and limits, and make sure today's decisions remain aligned with longer-term objectives.

The market may look straightforward, but navigating it successfully still requires thinking several moves ahead.





VINCE GAFFIGAN

U.S. Market Strategy & Engagement Group Leader, Lockton



EXECUTIVE SUMMARY

Seeing the whole board

Market conditions remain favorable, but pricing improvements are slowing and outcomes are becoming more segmented by risk, industry, and carrier appetite. Buyers have a range of options, but the strongest outcomes will come from using today's conditions to improve long-term positioning, not simply reduce costs.

THE GOOD

Greater investment income and limited natural catastrophe activity are driving strong insurer earnings, abundant capacity, and competitive pricing.

THE BAD

Rising loss costs, social inflation, and slower growth are pressuring insurer profitability and contributing to an increasingly fragmented marketplace.

What we're watching

- Slowing economic growth and softening exposures
- Underwriting discipline under pressure
- Rising claims severity and social inflation
- Reserve adequacy and casualty profitability
- Bond yields, interest rates, and investment returns
- Geopolitical instability and energy market volatility
- Governance and organizational resilience
- AI risk, adoption, and insurer scrutiny
- The rise of distinct "mini markets" and increasingly segmented renewal outcomes
- Facilities, alternative risk solutions, and evolving capital deployment

New pressures on the economy

The economy remains resilient, supported by AI investments, healthcare, and consumer spending. At the same time, growth is slowing while inflation, elevated borrowing costs, and higher energy costs weigh on consumers and businesses. Geopolitical tensions could quickly disrupt an otherwise stable outlook.

What we're seeing in major lines

Across most major lines, buyers continue to benefit from abundant capacity and strong carrier appetite. Greater selectivity is emerging across several segments, making it difficult to apply one label to market conditions.

PROPERTY
continues to soften, with abundant capacity supporting rate reductions, although the pace of improvement may be slowing.

WORKERS' COMPENSATION
remains profitable and predictable, but rising medical and indemnity costs are narrowing margins.

LIABILITY
is benefiting from increased competition, but market conditions vary by buyer, industry, and carrier.

PUBLIC COMPANY DIRECTORS & OFFICERS LIABILITY (D&O)
remains stable, with carriers placing greater emphasis on profitability, governance, and financial performance.

PRIVATE COMPANY & NONPROFIT D&O
remains broadly favorable, though insurers are becoming more selective around distressed and complex risks.

EMPLOYMENT PRACTICES LIABILITY (EPL)
is becoming more challenging, as carriers respond to rising claims frequency, severity, and defense costs.

FIDELITY/CRIME
remains well capitalized, but insurers are increasingly focused on AI-enabled fraud and social engineering risks.

FIDUCIARY LIABILITY
continues to attract insurer interest, supported by ample capacity despite ongoing litigation activity.

CYBER
remains buyer-friendly, but insurers are increasing their focus on AI-related threats, privacy exposures, and cyber controls as loss drivers evolve.

RATE CHANGES BY LINE (Q2 2026)

-10.5% PROPERTY	**-3.3%** WORKERS' COMPENSATION (guaranteed cost)	**-0.2%** WORKERS' COMPENSATION (loss-sensitive)	**+1.8%** GENERAL LIABILITY	**+4.5%** AUTO LIABILITY
+6.2% LEAD UMBRELLA	**+8.2%** EXCESS LIABILITY	**+0.5%** D&O (public companies)	**0%** D&O (private companies & nonprofits)	**+2.9%** EPL
0% FIDELITY/CRIME	**0%** FIDUCIARY LIABILITY	**-0.1%** CYBER		

Source: Lockton P&C Edge Benchmarking Report, Council of Insurance Agents & Brokers (for general liability and auto liability only).

Median rate changes year over year shown, except for general liability and auto liability (average rate changes year over year shown).

Total program rate changes shown for D&O, EPL, fidelity/crime, fiduciary liability, and cyber.

The insurance market for data centers remains highly favorable to buyers, who are benefiting from competitive pricing and greater flexibility.

As underwriting and regulatory scrutiny increases, organizations can capitalize on market conditions by leveraging specialized expertise.

Today's market conditions create an opportunity to do more than reduce insurance costs. As insurers become more selective and place greater emphasis on governance, resilience, and risk quality, buyers can use favorable conditions to strengthen risk financing strategies while they still have flexibility and leverage. The organizations that look beyond the next renewal and focus on long-term positioning will be best prepared when conditions inevitably become more challenging.

Policyholders should:

- Evaluate insurers' long-term appetite, coverage quality, and claim performance alongside pricing considerations.
- Demonstrate strong governance, crisis preparedness, and oversight of emerging risks such as AI and cyber.
- Assess exposures holistically, recognizing that many risks can impact multiple lines of coverage simultaneously.
- Revisit retentions, limits, collateral, alternative risk solutions, and program structures while capacity remains abundant.



A stable but shifting economic environment

How long can the global economy remain resilient?

The question is becoming more urgent as the list of threats to that resilience continue to grow.

The resumption of the Middle East conflict in the second quarter has sent energy prices soaring and has contributed to renewed inflationary pressure across the economy.

The Federal Reserve raised interest rates in September as it sought to bring inflation back to its 2% target. Another increase appears possible before year-end.

Higher rates can benefit insurers' investment yields, but they also raise borrowing costs for businesses and consumers. For example, interest rates for a 30-year home mortgage crossed the 7% threshold in September for the first time in more than a year, according to Freddie Mac.

Long-term bond yields have also risen across major markets, reflecting concerns about inflation, government borrowing, and the outlook for interest rates. Heavy investment in AI infrastructure is adding additional pressure.

Still, the economy continues to expand, at least for now.

Corporate earnings remained strong in the second quarter. Revenue growth for S&P 500 companies reached 15%, the highest rate since the fourth quarter of 2021, with every sector reporting growth. Energy led, supported by higher oil prices.

Equity markets, while not necessarily a direct measure of economic performance, remain an important gauge of investor sentiment. Major indexes reached record highs in August before encountering a more volatile trading environment in September.

The labor market has also remained steady, giving the Fed an opportunity to focus on inflation.

DEVELOPMENTS THAT COULD DISRUPT THE ECONOMIC LANDSCAPE:

- Prolonged disruption to Middle East oil shipments could drive inflation higher.
- Renewed U.S.-Canada trade tensions could increase costs, disrupt supply chains, and weigh on growth across North America.
- Further interest rate increases could put more pressure on borrowing, investment, and consumer spending.
- Investors could become less willing to finance government borrowing or AI infrastructure spending at current valuations.
- Key central banks, including the Fed, raised interest rates in September to try and tame inflation and may increase rates further before the end of the year.
- Long-term bond yields are near levels not seen since the outset of the Great Financial Crisis, reflecting concerns about inflation, government borrowing, and the outlook for monetary policy.
- Investors are questioning how quickly heavy investment in AI infrastructure will produce adequate returns.

For insurance buyers, slower exposure growth means insurers are competing for a premium base that is growing less quickly. That supports favorable pricing and broader options today, but conditions could change quickly if a shock alters carrier appetite or increases volatility or the cost of capital. Buyers should use the current market to strengthen program structure, reassess limits and retentions, and build greater resilience against an increasingly unpredictable macro environment.

Global headwinds

Growth remains positive across most major economies, but many countries are relying on a relatively narrow set of supports. That makes economies across the globe susceptible to any unforeseen calamity, or the worsening of existing crises.

U.S. real gross domestic product increased at an annual rate of 2.2% in the second quarter, a slight deceleration from 2.5% in the first quarter, according to the U.S. Bureau of Economic Analysis (BEA). Consumer spending, investment, and exports supported growth, while higher imports were offsets. The economy is still expanding, but at a pace that leaves it vulnerable to persistent inflation and higher energy prices.

China grew 4.3% in the second quarter, below its full-year target of 4.5% to 5%. The country continues to contend with an overbuilt real estate sector, weak consumer demand, and higher energy costs. Slower Chinese growth matters beyond its borders, particularly for economies and industries dependent on its manufacturing, commodities, demand, or consumers.

The U.K. economy grew 0.5% in the second quarter. Services and business investment remained supportive, but production declined slightly, and construction activity remained below year-earlier levels. The mix suggests an economy that remains sensitive to financing costs, consumer confidence, and external demand.

The European Union's (EU) GDP grew by 0.7%, according to Eurostat, but performance remained uneven. Ireland, Slovenia, and Lithuania performed relatively well, while Germany, Italy, and France grew modestly or not at all. The broader concern is not simply that Europe is growing slowly but that its largest economies have limited momentum at a time when the region remains highly exposed to energy disruption.

Europe produces relatively little crude oil and depends heavily on imports, including supplies from the Middle East, while sanctions restrict access to Russian energy. The collapse of the U.S.-Iran ceasefire, therefore, heightened concern across the region.

While the initial outbreak of the conflict in February closed the Strait of Hormuz, through which 20% of the world's oil supply flows, the latest wave of hostilities has resulted in Houthi forces advancing upon the Bab el-Mandeb Strait, effectively cutting off an alternate route for shipping oil supplies. Saudi Arabia shut down its East-West pipeline after militia strikes damaged the critical pipeline, marking the latest event that has transformed what started as a regional security concern into a global supply chain and inflation concern.

The conflict has consumers paying nearly $4.50 per gallon of gasoline once again and more than $6.50 per gallon of diesel as of Sept. 30, according to AAA. Higher gasoline and diesel prices affect far more than household transportation costs. They raise expenses across manufacturing, agriculture, construction, and logistics, eventually impacting replacement costs, business interruption exposures, and claims severity.

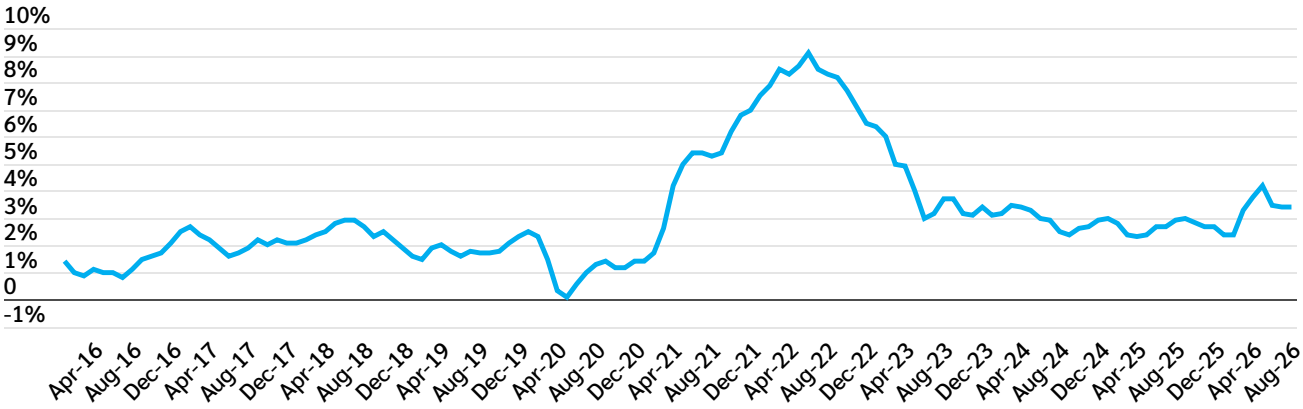
While oil-producing nations have increased production and countries have tapped into strategic oil reserves, these tactics cannot fully replace normal trade flows indefinitely. Top oil officials are warning that reserve levels are precariously low with fewer buffers remaining to offset higher energy prices. The key issue is how long alternative supply, production increases, and reserve releases can offset a sustained disruption. If the conflict continues, higher energy costs could worsen the current slowdown, keep inflation elevated, and eliminate any near potential for interest rate relief.

Inflation challenges

Energy prices and the continued rise in the cost of services helped keep the Consumer Price Index (CPI), a measure of annual inflation, at 3.4% in August, above the Fed's 2% target. The Fed's preferred personal consumption expenditures (PCE) measure ran at an annualized 3.4% in August (3.0% when excluding food and energy).

THE CONSUMER PRICE INDEX HAS COOLED SLIGHTLY, BUT STILL SHOWS ELEVATED INFLATION.

Inflation readings remain well ahead of the Fed's preferred target.



Source: U.S. Bureau of Labor Statistics. Data from Oct. 25 is unavailable due to a government shutdown.

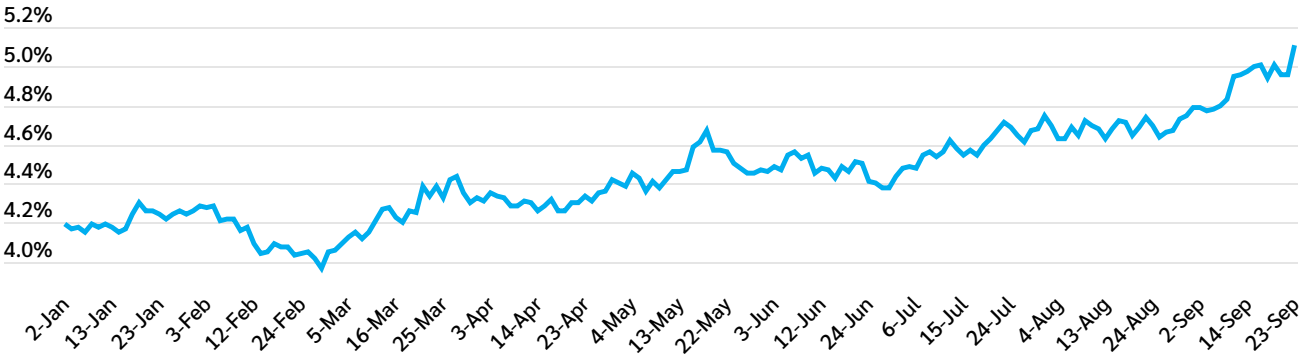
Fed Chair Kevin Warsh pointed to persistent inflation, alongside resilient spending and solid economic growth, as the Federal Open Market Committee (FOMC) unanimously voted in September to raise interest rates for the first time since 2023, bringing the Fed's target range to 3.75% to 4%.

At the same time, Treasury yields continue to rise. Yields for 10-year Treasury notes surpassed 5% in September, the highest level since 2007. The Treasury Department announced in September it would buy back $6 billion of long-dated government debt in an effort to tamp down bond yields. But the Treasury's intervention did little to stem the increase in yields as demand for Treasury notes dampened during the month.

Interest rate traders have assigned a 58.5% probability through Sept. 30 of another quarter-percent rate increase by the end of the year, according to the CME Group's FedWatch. That would bring the target range to 4% to 4.25%.

BENCHMARK TREASURY YIELDS SURGE

Market yields for 10-year Treasury notes eclipsed 5% in September as investor fret over government debt and inflation.



Source: Federal Reserve Bank of St. Louis

Fed governor Michael Barr said the central bank took the appropriate action by raising interest rates in September, and indicated that further action may be necessary.

"In my base case, further policy adjustments are likely to be needed to ensure inflation comes down to target in a timely fashion," Barr said at a Fed event in Chicago on Sept. 23. "We want to support sustainable, durable growth in support of maximum employment, and price stability is crucial to that."

Investors are demanding higher yields to absorb growing Treasury issuance. That raises the government's borrowing costs, adding to deficits and the amount it must borrow.

The Fed faces a difficult choice. Higher energy and service costs are renewing pressure at a time when financial conditions have already tightened. Further rate hikes could help contain inflation, but would also raise borrowing costs for consumers and businesses. Holding rates steady could give inflation more room to build.

The path forward is narrowing, and either choice carries a cost.

Other central banks face similar tradeoffs. The Bank of England held its policy rate at 3.75% in September, although two committee members said they may reconsider their position and vote for a rate hike, given higher inflation. The European Central Bank increased rates to 2.5% for its 21 member countries for the second time since the onset of the Middle East conflict. The Bank of Japan also raised interest rates in September, bringing its policy rate to 1.25%, the highest range in more than 30 years in an effort to beat back rising prices.

For insurance buyers, the immediate issue is not simply what central banks do at their next meetings; it is how long borrowing costs remain elevated while economic growth slows, and what this means for exposures, retained losses, and premiums.

Consumer pressure

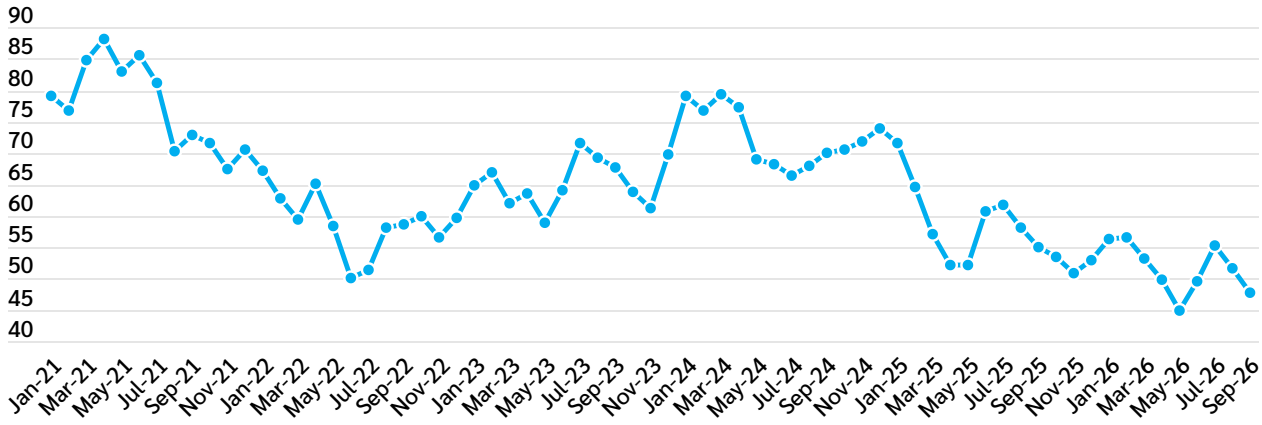
Consumers are still spending, but the foundation beneath that spending is beginning to crack.

Personal consumption expenditures rose 0.3% in August. BEA data show that consumers are increasing their spending on nondurable goods, gasoline/energy, food services, and motor vehicles and parts, while cutting back on recreation.

Confidence is moving in the opposite direction. The University of Michigan Index of Consumer Sentiment fell to 48.1 in September, down from 51.7 in August and 12.7% lower than a year earlier. Uncertainty about the Middle East conflict and inflation — including gasoline prices — continues to weigh on American consumers.

CONSUMERS' VIEW OF BUSINESS CONDITIONS IS DIMMING.

Rising gas prices and trade tensions have consumers feeling glum about personal finances and business conditions.



Source: University of Michigan Index of Consumer Sentiment

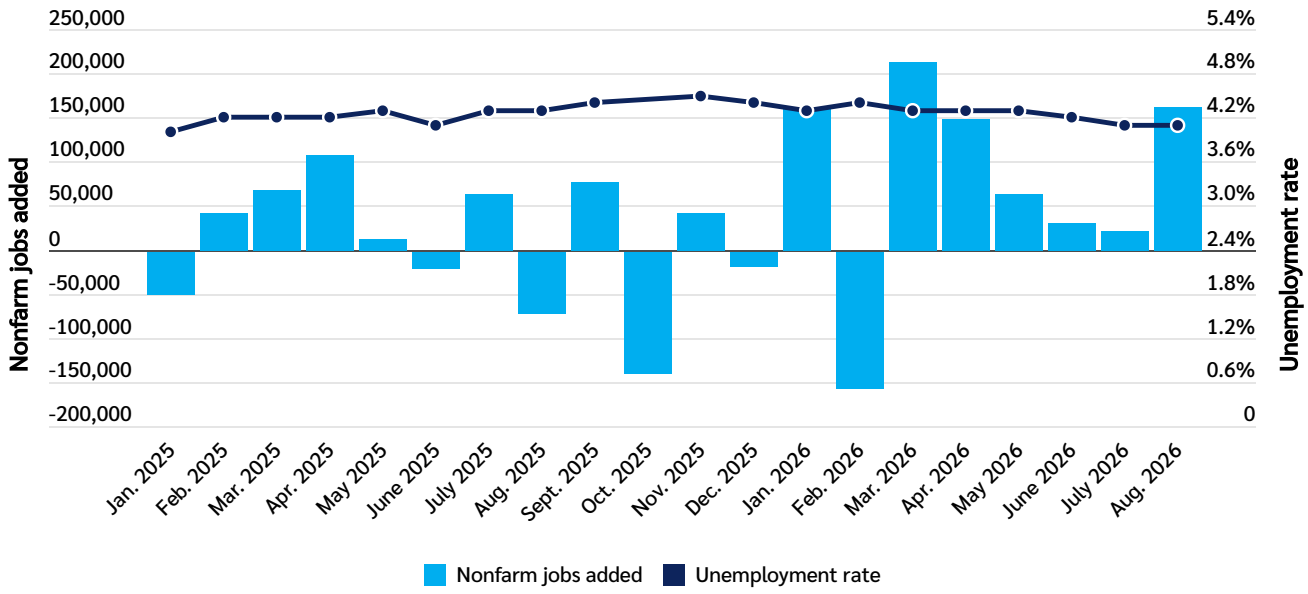
Spending and sentiment can diverge when employment and household balance sheets remain supportive. Eventually, however, households expecting their purchasing power to decline are likely to postpone discretionary spending and reduce larger purchases, such as automobiles.

The August jobs report showed the U.S. economy added 162,000 jobs, easily surpassing expectations and reversing the trend of earlier jobs reports that pointed to a slowing labor market. The report revised July's jobs figures, initially a net loss, upward to a slight gain for the month.

The August numbers were a cause for optimism on the labor market front, allowing the Fed to concentrate its decision-making on fighting higher inflation.

EMPLOYERS ADDED A SURPRISING NUMBER OF JOBS IN AUGUST.

Unexpectedly strong gains in the latest jobs report offered more optimism about the state of the labor market.



Source: U.S. Bureau of Labor Statistics
October 2025 unemployment rate figures unavailable due to the lapse in government appropriations.

Stock market remains bullish

Despite economic and geopolitical risks, equity investors remain broadly optimistic. The S&P 500 advanced 11.8% through the first nine months of 2026, with nearly every sector posting gains.

The rally has broadened as capital moved from AI-related companies, including hyperscalers and semiconductor and memory-chip manufacturers, into more defensive sectors. Developed markets outside the United States have also outperformed U.S. equities so far in 2026.

Trading in September has been more volatile due to concerns about inflation, energy prices, the Middle East conflict, and rising bond yields. Whether this trend will continue remains to be seen.

Implications for insurers

For insurers, the implications of the current environment are nuanced.

Higher interest rates boost investment income as maturing assets are reinvested at more attractive yields than were available during much of the last decade.

At the same time, higher returns available elsewhere can raise the return investors expect from insurer capital. Insurers, therefore, have reason to remain disciplined in deploying capacity, with a continued focus on risk-adjusted returns, portfolio quality, and underwriting performance.

Higher rates also constrain premium growth. Slower construction activity, fewer transactions, reduced investment, and softer real estate markets can limit the new business available to insurers and ultimately weigh on exposure growth. Insurers may benefit from stronger investment returns, but economic activity that generates insurable exposures can also decelerate.

Rising energy prices add another challenge, with potential loss-cost inflation across transportation, logistics, manufacturing, labor, construction materials, and replacement costs for property.

This dynamic is important because inflation affects insurers differently than interest rates do. Higher yields support investment income, while inflation pressures underwriting margins. Stronger investment returns may help insurers absorb some increase in claims costs and support competition, but they do not eliminate the need for pricing to keep pace with loss trends over time.

Thoughts for buyers

For buyers, capacity should remain available, though pricing and terms will depend on each insurer's view of the risk and its expected losses.

Conditions remain broadly favorable for buyers, but the economy is becoming less supportive of continued broad-based softening. Capacity remains abundant across many lines, and competition is still healthy.

As exposure growth slows and loss costs remain elevated, carriers will focus on underwriting profitability and the returns they earn on deployed capital. In practical terms, they will compete aggressively for well-performing risks while becoming more selective where returns do not adequately compensate for volatility, inflation exposure, or capital consumption.

Buyers with strong risk management practices, accurate valuations, demonstrated loss control, and sound fundamentals should continue to benefit in this market. Still, they should expect more scrutiny around property valuations, catastrophic exposures, supply chain dependencies, fleet performance, and overall loss trends as insurers look to protect their margins in an uncertain environment.

Many organizations are managing new risks, insurance costs, higher financing expenses, wage pressure, and slowing economic activity all at the same time. This creates a greater need to balance risk transfer decisions with broader business objectives, including the need to preserve profitability and financial flexibility.



COMMERCIAL INSURANCE

A more nuanced market

Commercial insurance buyers continue to benefit from largely favorable conditions. Capacity remains abundant, pricing is competitive, and insurers are producing some of their strongest financial results in years. Returns on equity and deployed capital remain comfortably above the cost of capital, supported by favorable underwriting performance, higher investment income, and limited catastrophe losses.

Strong results continue to support competition, although growth remains closely tied to portfolio strategy, risk quality, and expected return. As organic growth slows, insurers are increasingly investing in distribution, technology, and AI to improve underwriting performance and efficiency.

The result is an outlook that is more nuanced. Despite much positive news, some combined ratios are rising, claims severity is increasing across many lines, and questions persist about reserve adequacy in an inflationary environment, particularly for long-tail exposures. Insurers are also watching pressures related to the economy, geopolitics, catastrophes, and inflation.

These pressures do not point to an imminent market correction but should keep underwriting discipline intact, even as competition grows.

Positive earnings continue

The property and casualty (P&C) insurance industry remains in a strong financial position, with profitability at or near its highest level in more than a decade. Leading insurers reported favorable underwriting results through the first six months of 2026.

UNDERWRITING GAINS PERSIST.

P&C insurers continued their run of profitability in the first half of 2026.

Carrier	Net written premiums			Calendar year combined ratio			Return on equity			Net investment income		
	2026	2025	Change	2026	2025	Change	2026	2025	Change	2026	2025	Change
Carrier A	$24,484	$23,320	5.0%	83.9%	90.4%	6.5	13.9%	12.9%	1.0	$3,469	$3,129	10.9%
Carrier B	$21,848	$22,031	-0.8%	86.1%	96.3%	10.2	24.1%	13.4%	10.7	$2,078	$1,872	11.0%
Carrier C	$13,115	$11,406	15.0%	88.1%	92.6%	4.5	10.6%	8.0%	2.6	$1,735	$1,607	8.0%
Carrier D*	$22,214	$21,971	1.1%	87.3%	91.9%	4.6	22.5%	17.7%	4.8	$3,587	$2,687	33.5%
Carrier E**	$9,703	$9,395	3.3%	91.9%	92.7%	0.8	18.7%	17.0%	1.7	$1,534	$1,310	17.1%
Carrier F	$5,587	$5,452	2.5%	99.4%	96.3%	-3.1	9.3%	10.8%	-1.5	$836	$776	7.7%
Carrier G***	$29,859	$27,144	10.0%	92.7%	92.4%	-0.3	25.0%	25.9%	-0.9	$999	$653	53.0%

Source: Select insurers' investor calls and presentations
Dollar figures shown in billions for the first six months of each calendar year.
*Figures include limited partnerships.
**Return on equity reported on a 12-month rolling basis.
***Gross written premiums shown instead of net written premiums.

Overall, the U.S. P&C industry reported significant improvements in income compared with the first half of 2025. The industry's first-half combined ratio fell from 96.5% for the first six months of 2025 to 92.5% for the same period in 2026, according to AM Best. Net investment income for the first six months of the year increased 12.3%, from $42.1 billion to $47.3 billion. The industry recorded a $31.2 billion net underwriting gain in the first half of 2026, up from $10.9 billion in 2025.

Pricing, risk selection, and portfolio actions taken over several years continue to fuel results, while higher interest rates and fewer catastrophe losses in the first half of 2026 have provided additional support.

Although headline results remain favorable, some tailwinds may prove difficult to sustain. Medical, labor, construction, and vehicle repair costs are contributing to claims severity, while social inflation and third-party litigation funding (TPLF) remain significant concerns in casualty. Recent reserve strengthening in select lines has also renewed questions about loss trends and the adequacy of prior-year reserves.

The industry remains well capitalized, but investment income cannot indefinitely compensate for inadequate pricing or adverse loss development.

Challenges & opportunities in a changing marketplace

The rise of the mini market

The commercial insurance market has traditionally been described as either "hard" or "soft." These labels are becoming less useful as conditions vary more widely by line of coverage, industry, geography, loss experience, risk characteristics, and carrier appetite.

Many buyers now operate within distinct "mini markets." Two companies purchasing similar coverage may face significantly different pricing, capacity, and underwriting conditions because of differences in their operations, loss performance, or alignment with insurer portfolio strategies. Conditions can also vary within a single program, with insurers competing for one layer of coverage and showing considerably less appetite for another.

Renewal outcomes increasingly depend on how a risk aligns with insurer strategy and appetite.

The growing influence of facilities

Facilities, particularly those supported by London and other international markets, are playing an increasingly large role in commercial insurance placements. They can improve efficiency, provide access to additional capacity, and create greater consistency in coverage and pricing. For certain portfolios and more standardized risks, these advantages can be significant.

While facilities can streamline placements and expand capacity, they may reduce the number of independent underwriting perspectives involved in a program. Buyers and brokers should understand how a facility operates, how much underwriting authority rests with the lead, whether participating capacity is contractually committed, and how the arrangement may respond if the lead changes its appetite.

Facilities should be evaluated as part of a broader placement strategy, with an eye toward whether it improves the resilience, flexibility, and economics of a program over time.

Governance taking center stage

Underwriting discussions have historically focused on loss history, operational controls, and exposure data. Now, however, underwriters are increasingly emphasizing organizational governance and resilience.

Questions regarding AI, cyber preparedness, supply chains, crisis response, and governance are becoming more common.

Organizations that demonstrate sound governance, tested response plans, and executive engagement are likely to be viewed more favorably by underwriters.

Innovation accelerating

Insurers continue to explore changes in how risks are underwritten, placed, serviced, and financed.

Insurers are investing in data, analytics, and AI to improve risk selection, accelerate submission review, support claims decisions, and manage portfolios more effectively. And managing general agents (MGAs), delegated authority arrangements, and automated underwriting platforms are allowing insurers to access targeted industries and risk segments more efficiently.

Product development also remains part of the picture. Parametric coverage and solutions addressing AI, cyber, climate, and supply chain exposures continue to evolve. Buyers, meanwhile, are taking a fresh look at captives, structured programs, and other alternative risk arrangements as competitive insurance pricing and the higher cost of retained capital change the economics of risk financing.

New solutions should be evaluated in the context of the broader program, including coverage interactions, retained risk, and capital implications.

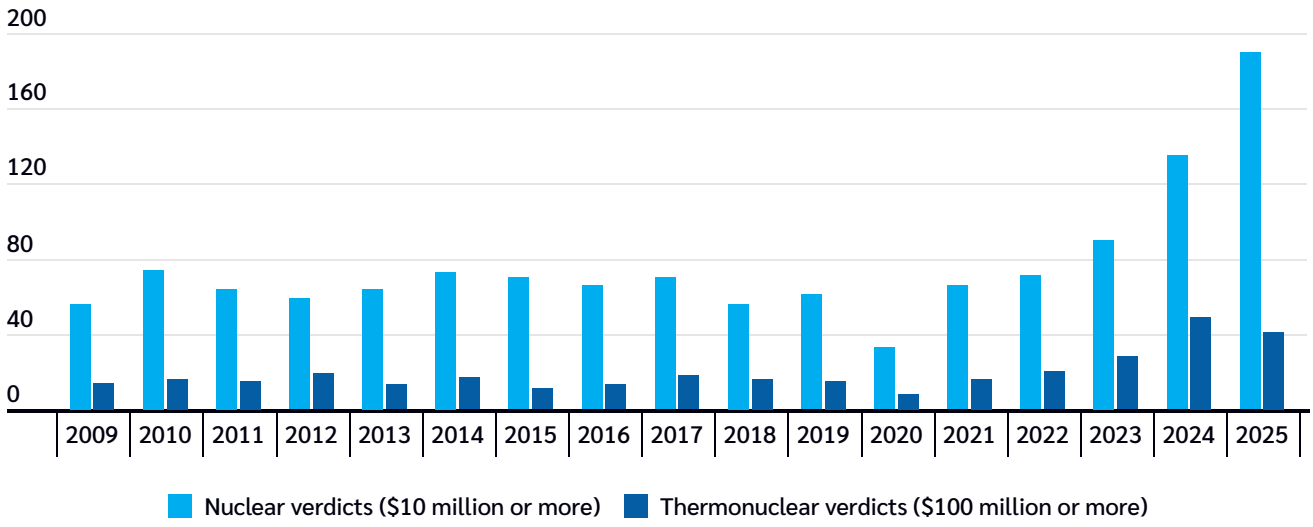
Social inflation's persistent threat

Despite growing momentum behind tort reform, social inflation continues to place significant pressure on liability insurers and buyers.

In 2025, 190 lawsuits resulted in nuclear verdicts of $10 million or more, according to Marathon Strategies. That is the most in a single year since Marathon began its tracking of this data in 2009 and a more than 40% increase over 2024. So-called thermonuclear verdicts exceeding $100 million remained elevated for a second consecutive year.

JURIES CONTINUE TO DELIVER LARGER VERDICTS.

The number of nuclear verdicts against corporate defendants increased by more than 40% in 2025.



Source: Marathon Strategies

These verdicts continue to influence settlement expectations, claims costs, and excess liability pricing.

For insurers, these trends reinforce the need for underwriting caution, particularly in the liability market. Lawmakers across the country are pursuing additional reforms, but meaningful changes in loss experience may take time. For buyers, the trends highlight the importance of evaluating venue exposure, attachment points, limits, contractual risk transfer, and claims readiness.

Until insurers see sustained evidence that claim severity trends are moderating, organizations that can demonstrate strong risk controls and effective claims management will be best positioned to differentiate themselves.

The end of siloed risk thinking?

Businesses are increasingly experiencing significant loss events that implicate multiple lines of coverage. The concern is what happens when a loss doesn't neatly fit policy language or various policies do not align.

The recent cyclospora outbreak linked to contaminated iceberg lettuce is one example. What began as a food contamination event potentially involved general liability, product recall and contamination, property, business interruption, and D&O coverage. It also generated reputational, contractual, and supply chain costs that may not have been insured.

Similarly:

- A cyberattack can implicate cyber, crime, property, business interruption, professional liability, and D&O policies.
- A supply chain disruption may involve property, contingent business interruption, marine cargo, trade credit, and political risk and still produce a significant loss without triggering coverage.
- The use of AI can create exposures across cyber, technology errors and omissions, employment practices, media liability, and D&O.

As such complex loss events become more commonplace, buyers should catalog the types of events they are most worried about and evaluate how well relevant forms of coverage align. That means understanding how policies work together, where exclusions or competing triggers may create gaps, which costs will remain uninsured, and who will coordinate response. The strength of a company's insurance program should be judged not merely by which individual policies or limits it purchases, but rather by how well the entirety of its program responds to an event.

Discipline despite competitive pressure

Underwriting discipline has been one of the insurance industry's defining themes in recent years. Competition for growth, however, is beginning to test that discipline.

As insurers pursue new business and protect renewal portfolios, they are becoming more flexible on pricing, attachment points, and coverage terms. That does not mean insurers are competing indiscriminately; appetite remains closely tied to risk quality, portfolio strategy, and expected return. The concern is that competitive pressure can gradually weaken the underwriting guardrails established during more difficult market conditions.

Rate adequacy, coverage expansion, and changes in attachment points will warrant close attention as loss costs continue to rise. Some industry leaders have already publicly warned that discipline may be slipping, a trend that also requires monitoring.

Headline inflation tells only part of the story

Headline inflation moderated over the summer. That's good news for consumers and businesses, including insurers and insurance buyers. But that only tells part of the story.

Many of the costs behind insured losses, including for medical care, litigation, labor, construction, and vehicle repairs, continue to increase. Tariffs add to this pressure and can increase supply chain costs and add to business interruption exposures. These factors may not be fully captured in broad economic measures.

For insurers, pricing must keep pace with the specific costs associated with covered losses, not just the Consumer Price Index. That becomes more difficult as rate increases moderate and claims severity continues to rise. Values can also quickly become inadequate, meaning insurers collect less premium than needed for their risk.

Buyers face a related challenge. Property values, business interruption estimates, liability limits, and retentions should be reviewed against current loss costs. A program that appears adequate based on historical experience may provide less protection when measured against the cost of a loss today.

Building resilience in a more selective market

Favorable pricing and broader capacity give buyers an opportunity to do more than simply reduce premiums. They can also strengthen limits, reconsider retentions, address coverage gaps, and improve the way policies respond to complex events.

That requires treating risk financing as a capital allocation decision. Traditional insurance, captives, structured programs, and retained risk should be evaluated holistically, with consideration given to volatility, liquidity, and the organization's own cost of capital.

Insurers will continue to differentiate among risks even as competition increases. Buyers that can demonstrate strong governance, reliable data, tested response plans, and a clear understanding of their risks and controls will be better positioned to secure favorable coverage terms and build insurance programs that remain effective, even when market conditions change.

Explore more market insights from Lockton



HEALTHCARE MARKET UPDATE

The healthcare squeeze

Rising costs, liability exposures, reimbursement challenges, workforce demands, regulatory scrutiny, and the growing cost of innovation continue to place unprecedented pressure on healthcare organizations' margins and operations. Organizations are adapting their business, workforce, and risk management strategies to stabilize operations, financial performance, and competitive positions.

As healthcare organizations continue to manage pressures related to cost, workforce, and policy, prioritizing resources and strategies that deliver results is becoming especially important. Organizations are balancing the need to control costs with continued investment in their workforce and capabilities, while evaluating partnerships, affiliations, and joint ventures as ways to strengthen their positions and address shared challenges.

Explore our *Healthcare Market Update* for more insights.



REAL ESTATE RISK OUTLOOK

Key trends shaping insurance, liability, resilience, & asset performance in real estate

Commercial real estate owners, operators, and investors are navigating a rapidly evolving risk landscape that is shaped by changing insurance market conditions, liability trends, capital pressures, and emerging operational exposures. As risks become increasingly interconnected, real estate industry companies must balance operational resilience, regulatory compliance, liability management, and capital preservation. And proactive risk management, strong governance, and strategic insurance planning are becoming even more crucial ways for owners to protect asset value, strengthen defensibility, and position their portfolios for long-term growth and performance.

Find more insights in our *Real Estate Risk Outlook*.



A conversation about the casualty insurance market

Lockton's Jessica Cullen sat down with Zurich's Bill Chepulis to discuss the forces shaping today's liability market and how insurance buyers can capitalize on opportunities.

Watch the full video.

> The market is definitely different than four or five years ago ... capacity was pretty scarce, prices were going up, you saw a lot of compression in excess towers. That doesn't necessarily mean it's an easier market.



with **BILL CHEPULIS**

Head of Large Casualty, Zurich U.S.



SPOTLIGHT: DATA CENTERS

A maturing insurance market for data center buyers

The insurance market for data centers remains highly favorable, supported by strong carrier appetite, abundant capacity, and growing confidence in the sector. As projects become larger and more complex, insurers are refining their approach to underwriting while exploring new solutions for risks that have traditionally been difficult to insure. This presents opportunities upon which sophisticated data center owners and their brokers can capitalize.

A market with momentum

The commercial insurance market for data centers remains highly competitive, fueled by strong insurer appetite, abundant capacity, and growing confidence in the sector. Carriers — including both established insurers that are deploying more capacity and new entrants — are competing aggressively on both price and coverage terms.

Insurers are confident about an industry that has matured rapidly over the past several years. While data centers themselves are not new, the scale, complexity, and pace of development have increased dramatically, driven by cloud computing, AI adoption, and growing digital infrastructure demands.

As underwriters have evaluated more projects and built larger data center books, they have become more comfortable assessing prospective policyholders and distinguishing stronger risks from weaker ones. Loss experience has also contributed to insurer enthusiasm: Despite the substantial values associated with many projects, claims activity has generally been limited. As a result, insurers increasingly view data centers as attractive risks compared with other real estate and construction asset classes.

Coverage growing with the sector

Property-related exposures continue to dominate the risk profiles for data center owners and developers. Builder's risk, property/business interruption, and delay in startup coverage remain essential, given data centers' potential for losses related to long-lead equipment, operational downtime, and revenue losses. All of these can present significant financial consequences, particularly when tenant commitments or project completion schedules are adversely affected.

At the same time, the market has evolved to address far more than traditional property risks. As insurers and brokers have gained experience with data center projects, many historical coverage gaps have been resolved through improved policy forms and more refined underwriting approaches. Issues that once created uncertainty, such as the transition from construction to operational coverage, are now handled more routinely by leading carriers.

This evolution has shifted attention toward risks that have historically been difficult or impossible to insure. New coverage solutions are emerging to address nontraditional exposures, including service-level agreement liabilities, operational downtime events that do not involve property damage, and certain regulatory or development-related challenges.

New regulatory challenges

Regulatory scrutiny is becoming a more important consideration for data center developers, particularly in jurisdictions facing concerns around land use, power consumption, water resources, and community impact. Many of the challenges facing developers today stem not from formal regulations themselves, but from community resistance and political pressure generated during the development process.

Developers are increasingly recognizing the importance of engaging local stakeholders early rather than waiting until projects reach the permitting stage. Industry participants have learned that proactive outreach, clear communication, and community engagement can help mitigate opposition and improve project outcomes. Conversations focus on the economic and social benefits data centers can bring, including infrastructure investments, tax revenue, construction employment, and long-term economic development.

As regulatory scrutiny evolves, insurers are also exploring new products and solutions that could help clients address some of the risks associated with permitting delays, moratoriums, and changing regulatory requirements.

A more sophisticated underwriting approach

Although pricing remains highly competitive, underwriting scrutiny has increased as insurers have become more knowledgeable about the sector. Underwriters are largely comfortable with data center risks, but greater familiarity has led to more targeted and detailed reviews.

Insurers are paying particular attention to battery technologies and energy storage systems. Underwriters frequently request significant additional information about these components to better understand potential loss scenarios and operational dependencies. Data center insurance buyers are often encountering longer lists of technical questions and information requirements than they did only a few years ago.

Importantly, this scrutiny is not necessarily a sign of reduced insurer appetite. Instead, it reflects carriers' greater sophistication and the refinement of underwriting approaches as they build larger data center portfolios.

Capitalizing on market opportunities

Data center organizations should take advantage of today's favorable insurance market by engaging risk and insurance advisors early in the project life cycle. Bringing advisors into site selection, design, financing, and construction discussions can help identify potential exposures that can have lasting impacts over the life of facilities.

Among other actions, organizations should work with their brokers to:

Apply the same rigor to business interruption and downtime exposures as they do physical assets. For many facilities, the financial consequences of operational disruptions, tenant obligations, and service-level agreement requirements may exceed the impact of property damage itself.

Weigh the pros and cons of emerging insurance solutions, including products designed to address nontraditional exposures such as operational downtime and certain regulatory risks that may not be covered by traditional insurance programs.

Coordinate risk financing approaches with lenders, insurers, and other stakeholders. Aligning coverage expectations with actual risk exposures can help avoid unnecessary insurance costs while ensuring appropriate protection.

Review key contracts to ensure liabilities assumed — including customer equipment damage and service-level agreement risks — are understood and appropriately addressed contractually and through risk transfer mechanisms.

As data centers look to make the most of current conditions, choosing advisors with deep sector expertise is essential. The most effective risk advisors support decision-making from site selection and financing through construction and operations, helping organizations identify risks, structure efficient insurance programs, align lender and insurer expectations, and address emerging exposures before they become costly problems. The right choice of advisor can improve resilience, reduce total cost of risk, and position projects to take full advantage of favorable market conditions.



Competition continues as rate reductions moderate slightly

KEY TAKEAWAYS

Property buyers continue to benefit from abundant capacity, though the pace of rate reductions may be beginning to slow and outcomes vary considerably by risk profile.

Reinsurance competition remains strong, supporting property capacity and more flexible structures.

Buyers should use current conditions to strengthen coverage, validate property and business interruption values, and invest in resilience.

Expected rate changes next quarter*

15% to 10% decrease

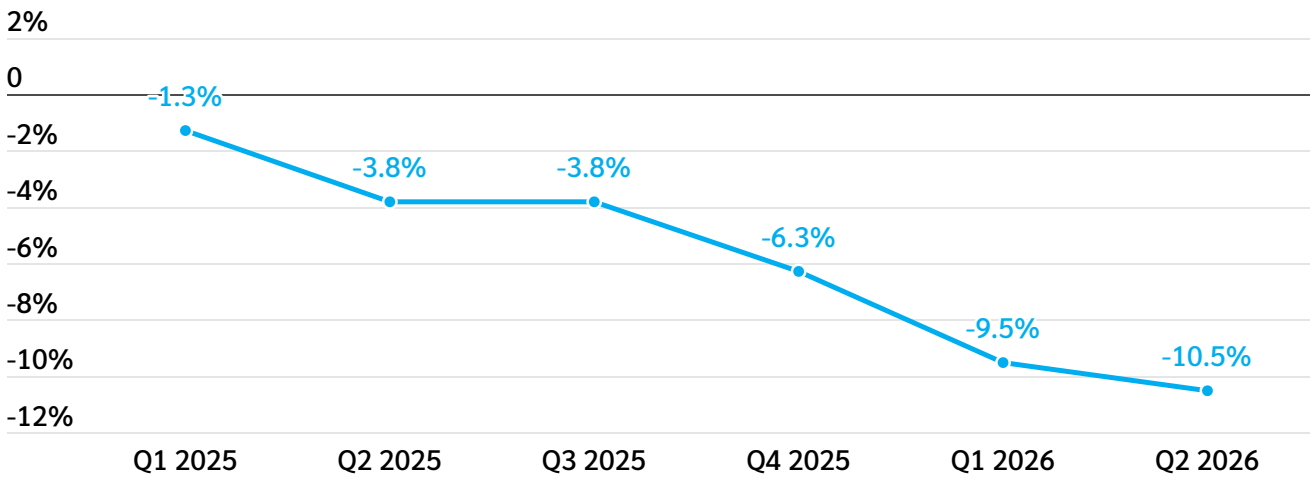
Shared and layered programs

10% to 5% decrease

Single-carrier programs

Property rates continue to fall, for now, although early signs that rate reductions could slow are beginning to emerge. In the second quarter of 2026, median property insurance rates fell 10.5%, according to Lockton data.

THE PROPERTY MARKET REMAINS BUYER-FRIENDLY.



Source: Lockton P&C Edge Benchmarking Report
Median rate changes year over year shown.

Insurers are increasingly communicating that securing rate reductions will be more difficult as we approach 2027. Second-quarter renewal outcomes largely mirrored the first quarter, with most clean risks achieving lower pricing, and it remains to be seen whether underwriting discipline and sentiment will outweigh competitive dynamics, oversupply of capital, and strong industry profitability and balance sheets.

Outcomes continue to vary widely based on geography, catastrophe exposure, construction, occupancy, loss history, and capacity requirements. Buyers with significant catastrophe exposure or recent losses often experienced markedly different results than broader market averages.

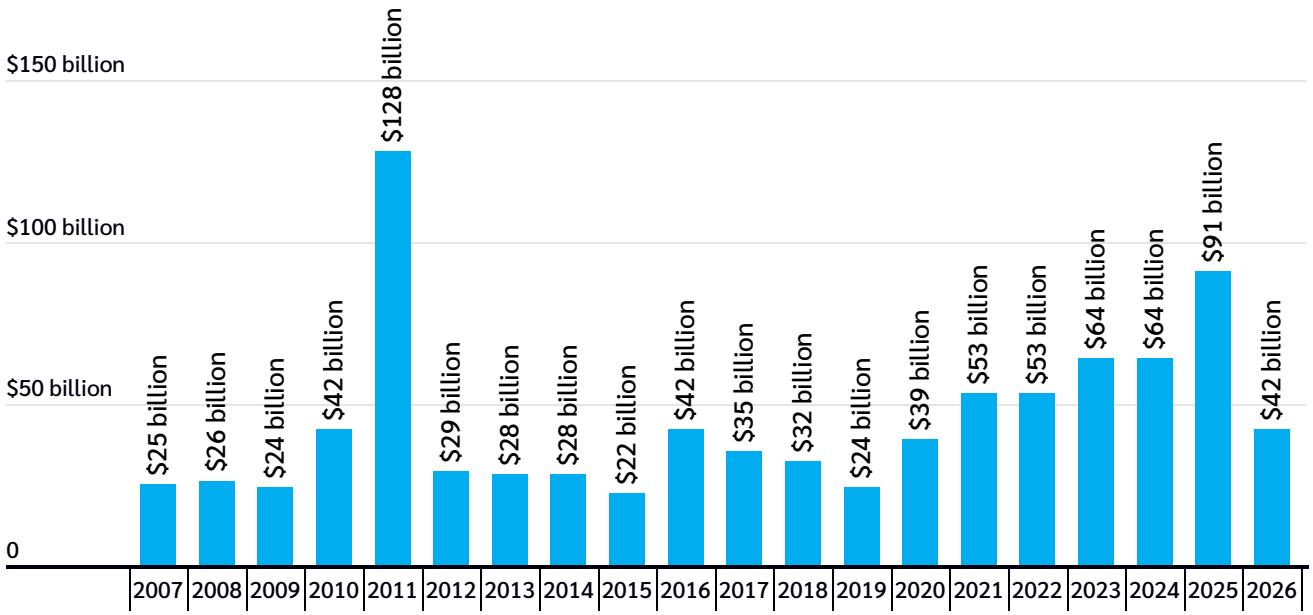
Despite this, property capacity remains abundant, including from some new entrants. Competition remains strong despite growing resistance to further rate reductions.

Not all available capacity is interchangeable, however. The quality and continuity of lead capacity, claims capabilities, engineering resources, financial strength, and willingness to deploy meaningful limits remain important considerations, particularly for complex and catastrophe-exposed programs.

Although insurers continue to absorb catastrophe losses, recent activity has not been sufficient to alter market conditions. Global insured natural catastrophe losses totaled $42 billion in the first half of 2026, according to the Swiss Re Institute.

NATURAL CATASTROPHE LOSSES DIP IN FIRST SIX MONTHS OF 2026.

First-half global insured natural catastrophe losses were well below long-term trends.



Source: Swiss Re Institute

Global insured losses shown for the first six months of each calendar year.

Severe convective storms remained the largest insured-loss peril in the first half of the year; despite above-average storm activity, losses were below recent years. Losses reflected storm geography and timing rather than reduced hazard levels.

Insurers have also benefited from limited activity through the first four months of the Atlantic hurricane season, after no U.S. hurricanes made landfall in 2025. While current conditions provide additional support for insurer results, a significant landfall in the final two months could quickly affect both retail and reinsurance market expectations.

Favorable retail property market conditions continue to be fueled by a softening reinsurance market, supported by abundant capital, strong reinsurer profitability, and robust competition for high-quality business. After several years of rate correction and improved underwriting results, many reinsurers view catastrophe pricing as adequate and are increasingly willing to return margin to deploy capital. Competition now extends beyond price, with reinsurers offering more flexible program structures and customized solutions.

Although reinsurance conditions remain favorable, impacts vary by insurer based on treaty structure, catastrophe concentration, and appetite for deploying capacity.

Reinsurers continue to reward portfolio quality, exposure management, and data transparency while closely monitoring whether primary insurers maintain underwriting improvements that have driven recent profitability gains. Barring a significant catastrophe event, reinsurance conditions are expected to remain favorable through the remainder of 2026 and into 2027, although the pace of rate reductions is likely to moderate as pricing approaches longer-term equilibrium. Insurers are increasingly using savings to optimize program structure and enhance resilience rather than simply reduce reinsurance spend.

Although scrutiny has eased in recent years, property insurers continue to focus on the accuracy and completeness of property valuations, particularly in an era of persistent inflation and tariff activity. Valuation concerns are generally not restricting capacity to the degree seen during the harder market, but they remain central to limit adequacy and claims outcomes.

Replacement cost is only part of the issue: Buyers should evaluate whether property and business interruption values remain aligned with current exposures and realistic recovery scenarios. Gaps between exposure declarations, policy provisions, and claims indemnity can become particularly significant when blanket limits, margin clauses, occurrence limits of liability, or coinsurance provisions apply.

Catastrophe modeling also remains an important part of the underwriting process, but modeled results should not be treated as precise predictions. Buyers should understand the assumptions underlying their modeled loss estimates, including return periods, demand surge, secondary modifiers, and concentrations of exposure. A relatively benign loss period does not indicate that the underlying hazard has diminished.

The market is likely to remain competitive through the next quarter, especially if Atlantic hurricane activity remains limited. Buyers should take this opportunity to strengthen coverage, optimize program structure, and address key catastrophe and business interruption exposures. Coverage quality remains as important as price, particularly regarding deductibles, sublimits, occurrence definitions, and other restrictions. Organizations that combine strong risk quality, reliable exposure data, and thoughtful resilience investments continue to achieve the strongest outcomes.



WORKERS' COMPENSATION

Workers' compensation holds steady as loss costs edge higher

KEY TAKEAWAYS

- Workers' compensation remains profitable, and competitive. The 2025 private carrier combined ratio of 91% marks the 12th consecutive year of underwriting gains.
- Indemnity lost-time claim frequency declined by 2% in 2025 while medical and indemnity severity each grew by 4%.
- Favorable workers' compensation results can create negotiating leverage across broader casualty portfolios.

Expected rate changes next quarter*

2% decrease to flat

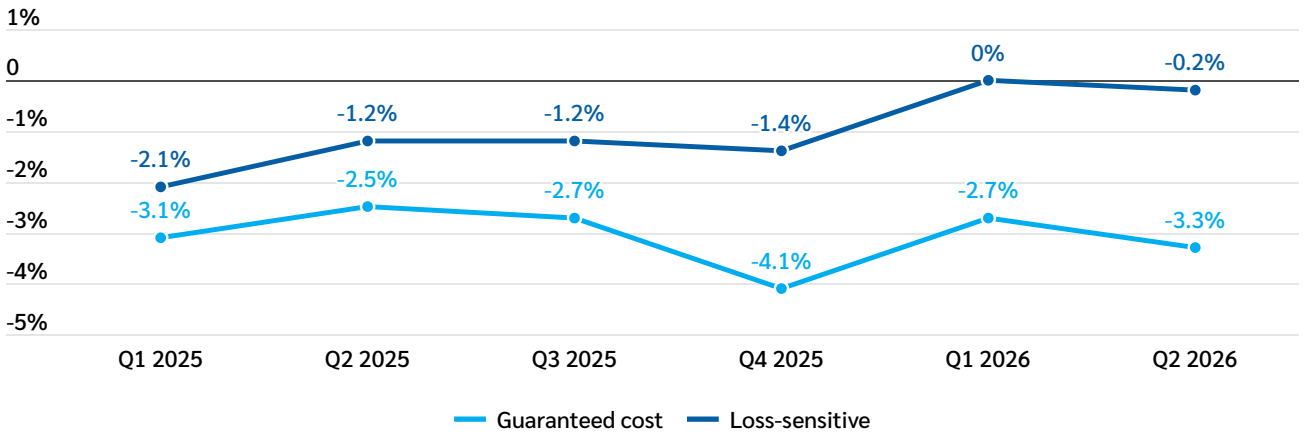
Guaranteed cost workers' compensation

2% decrease to flat

Loss-sensitive workers' compensation

The workers' compensation market remained stable and competitive in the second quarter. Carriers continue to pursue well-performing risks, supported by strong industry profitability, favorable reserve development, and relatively predictable claim frequency. In the second quarter, median rates for guaranteed cost workers' compensation programs fell 3.3%, according to Lockton data. Median rates for loss-sensitive programs fell 0.2%.

WORKERS' COMPENSATION RATES REMAIN HIGHLY COMPETITIVE.



Source: Lockton P&C Edge Benchmarking Report
Median rate changes year over year shown.

The Lockton results are consistent with broader industry trends. Workers' compensation was the only major property and casualty line to experience a reduction in net written premium in 2025, according to the National Council on Compensation Insurance. Approved NCCI filings are expected to reduce bureau premium levels by an average of 5% in 2026.

Favorable workers' compensation performance can provide a buyer with negotiating leverage across a broader casualty placement, including where liability pricing is under pressure. Buyers should nevertheless evaluate each line on its own merits. Using favorable workers' compensation results to offset general liability pricing, limits, or retentions can create an imbalanced program. It may also make lines more difficult to separate at future renewals, reducing flexibility if market conditions or carrier appetites change.

Industry results remain strong, but the underlying economics are becoming slightly less favorable. NCCI reported a 2025 calendar year combined ratio of 91%, marking the 12th consecutive year of underwriting profitability. The result was five points higher than 2024 and the highest since 2016, but still represented a significant underwriting gain. When investment income is included, the line produced an 18% pretax operating gain — well above its long-term average.

Current-year results warrant closer attention. NCCI estimated a 2025 accident year combined ratio of 102%, compared with the 91% calendar year result. The difference illustrates the continued benefit of favorable development from older accident years while indicating that more recent business is operating with less margin.

Lost-time claim frequency declined by 2% in 2025, a more modest improvement than the long-term annual decline of 3.8%. NCCI estimated that medical and indemnity severity each increased by 4%.

Underlying medical data points to additional pressure. Preliminary medical cost per claim increased by 6%, with price increases and higher utilization each accounting for roughly half of the change.

Indemnity severity continues to be affected by wage growth, which has exceeded historical averages since 2020. If severity continues to rise while frequency improvements moderate, carriers may begin to differentiate pricing more based on industry, jurisdiction, and risk quality.

Buyers should also monitor state-specific developments. In California, the insurance commissioner adopted an average advisory pure premium rate of $1.65 per $100 of payroll, effective Sept. 1, 2026. The rate represents a 6.6% increase from the rate approved for 2025 but remains below the 10.4% increase requested by the Workers' Compensation Insurance Rating Bureau of California (WCIRB).

The advisory rate does not bind insurers and will not translate directly into an equivalent premium increase for every buyer. Actual outcomes will depend on carrier filings, payroll, employee classifications, experience modification factors, loss history, and available credits or debits.

The California change reflects increasing medical costs, allocated loss adjustment expenses, and the frequency of cumulative trauma claims. Cumulative trauma claims account for approximately 22% of lost-time claims in California, compared with 1% to 6% in NCCI states. WCIRB also reported that California's combined ratio increased by three points in 2025 to its highest level in more than 20 years. These results indicate meaningful pressure within California even as the national market remains profitable.

New York presents a contrasting picture. The state's most recent workers' compensation loss-cost action reflected a substantial reduction, continuing a multiyear pattern of declining loss costs. As with California's advisory pure premium change, the reduction will not translate uniformly into buyer pricing. Individual outcomes will depend on carrier pricing, class mix, payroll, loss experience, and program structure. Together, the California and New York actions illustrate that workers' compensation conditions are becoming increasingly jurisdiction-specific.

Although the workers' compensation market remains favorable, buyers should avoid complacency. Rising severity, more modest frequency improvement, weaker accident-year results, and a declining reserve cushion suggest that current profitability may become harder to sustain. State-specific developments and potential collateral requirements add further complexity.

Higher interest rates also affect workers' compensation. While higher rates may improve insurers' investment income, which shores up long-tail reserves that support workers' compensation liabilities, medical inflation, rising indemnity costs, and higher cost of capital offset some of this benefit.

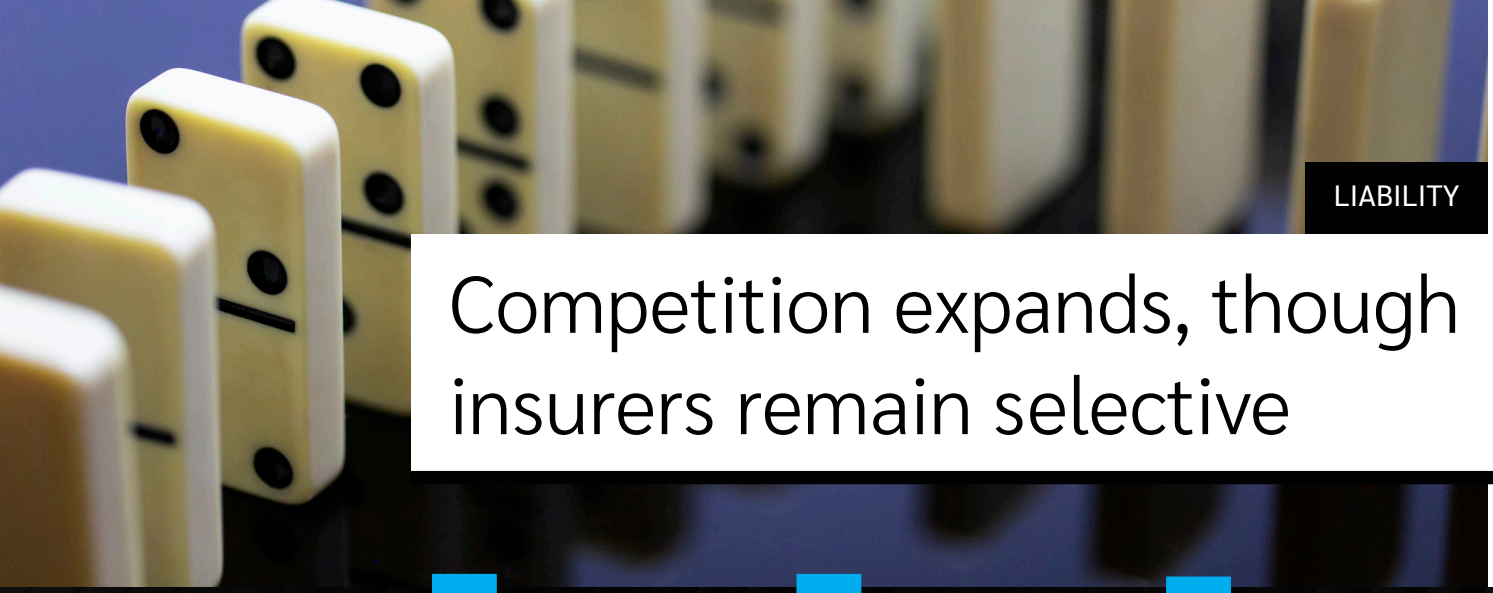
Rising rates also increase the cost of collateral, creating additional pressure for buyers with large deductibles, retrospective plans, and captive programs. That makes closing claims more valuable, as doing so can reduce collateral requirements, improve cash flow, and release capital tied up in aging claims. For certain buyers, higher rates can also make loss portfolio transfers more attractive. As the cost of carrying retained liabilities and associated collateral increases, transferring those obligations to an insurer can become more economically compelling. Higher investment yields may also improve the economics for insurers assuming those liabilities.

Carriers may also respond to persistent inflation with more scrutiny around pricing, collateral requirements, and loss-sensitive program structures. They may also take a closer look at reserve adequacy, particularly on older claim years where medical costs, wage growth, and settlement values have exceeded original assumptions.

Buyers should evaluate workers' compensation as part of their broader casualty strategy. In recent years, savvy buyers have used workers' compensation as part of a broader casualty strategy. Competition and profitability helped mitigate the impact of rising liability rates. Although workers' compensation remains profitable, if that profitability falls by even one dollar, that's one less dollar to offset liability rates.

Favorable conditions may create opportunities to adjust retentions, accelerate closure of mature claims, or explore loss portfolio transfers for legacy liabilities. These decisions should account for ultimate losses, transaction costs, cash flow, collateral relief, and adverse-development risk. Buyers should also use favorable conditions to strengthen safety, early reporting, medical management, and return-to-work programs — especially in light of rising severity trends.

The objective should be to improve the total cost of risk and preserve flexibility while favorable market conditions persist.



Competition expands, though insurers remain selective

KEY TAKEAWAYS

- Liability conditions still vary by line, industry, attachment point, and loss experience. Strong risks can find competition, particularly in excess layers.
- More carriers on an excess tower can mean more complexity. Buyers should scrutinize coverage differences and claims coordination across towers.
- Facilities and MGAs can provide additional capacity, but buyers should evaluate carrier security, claims authority, and continuity.

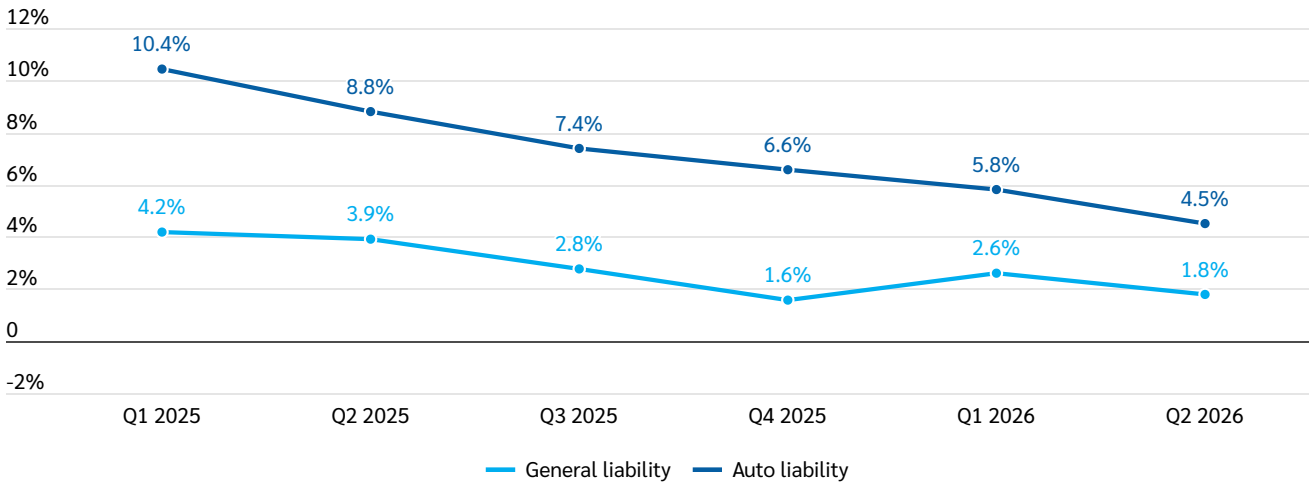
Expected rate changes next quarter*

General liability	Auto liability	Lead umbrella	Excess casualty
5% to 10% increase	8% to 12% increase	5% to 15% increase	Flat to 15% increase

Nowhere is the complexity of today's P&C market more evident than in liability. Conditions improved for some buyers in the second quarter as carriers showed greater willingness to compete, particularly in the middle and upper excess layers. Yet there is no single liability market: Pricing, capacity, and terms vary considerably by line, industry, attachment point, loss experience, and carrier appetite. Liability has stabilized since the hard market of a few years ago, as loss trends have plateaued, although at a higher level.

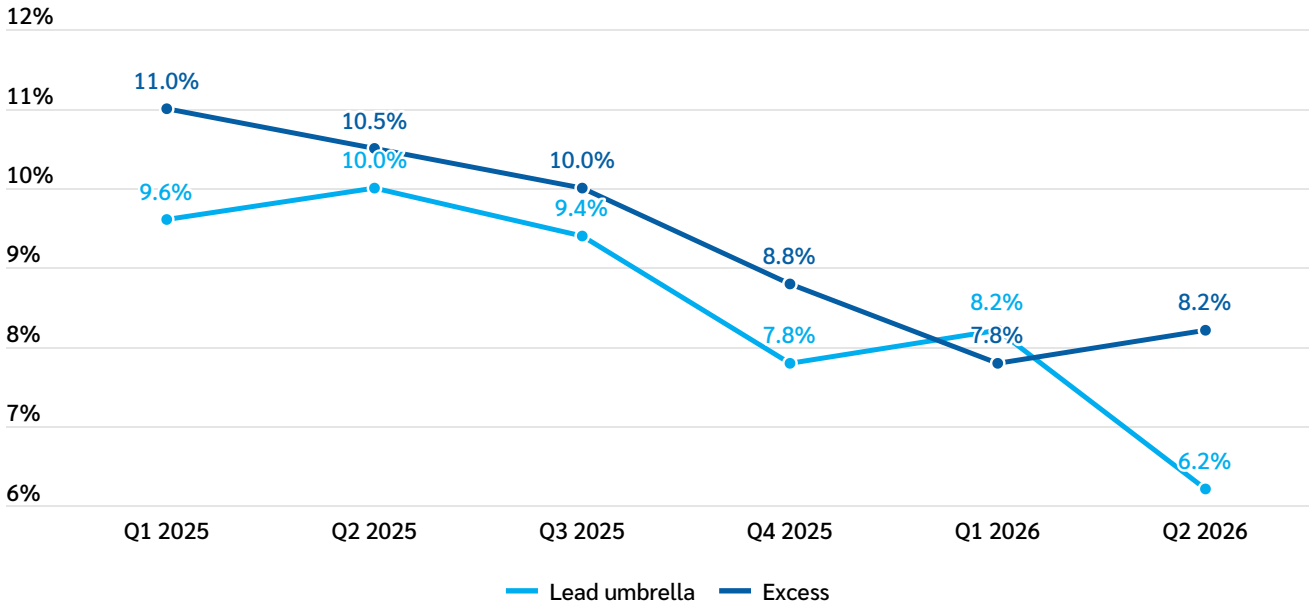
That variation is reflected in the numbers. Second-quarter rates rose an average of 1.8% for general liability and 4.5% for auto liability, according to the Council of Insurance Agents & Brokers (CIAB).** Lockton data shows the median price per million rose 6.2% for lead umbrella and 8.2% for excess casualty.

GENERAL LIABILITY AND AUTO LIABILITY RATE INCREASES SLOWED IN THE SECOND QUARTER.



Source: Council of Insurance Agents & Brokers
Average rate changes year over year shown.

PRICING FOR UMBRELLA AND EXCESS LIABILITY CONTINUES TO RISE.



Source: Lockton P&C Edge Benchmarking Report
Median rate changes year over year shown; figures shown on a PPM basis and do not reflect true, exposure-adjusted rate changes.

Those averages, however, obscure meaningful differences. General liability remains comparatively stable for many buyers. Auto liability is generally the most challenging line, particularly for large fleets seeking unaggregated coverage. Competition is most visible in the middle and upper excess layers, while lead umbrella pricing and capacity remain under greater pressure. Buyers should not expect relief higher up in the tower to automatically extend to the lead layer.

Account size also influences conditions. Major accounts often attract more competition in excess layers but face greater structural complexity, while middle market buyers typically see pricing that more closely reflects broader market conditions.

Casualty rate increases and reserve adequacy remain under scrutiny as loss costs continue to rise, despite some litigation reform.

Chubb CEO Evan Greenberg estimated that U.S. casualty loss costs are rising 6% to 7% annually for primary coverage, and 9.5% to 12% for excess. He also warned that pricing in several casualty segments is failing to keep pace. For buyers, today's competition creates an opportunity to improve price and program structure. But if the gap between pricing and loss costs persists, insurers may ultimately seek higher rates or tighter terms at future renewals.

The casualty reinsurance market reinforces this selectivity. While capacity remains available, reinsurers continue to scrutinize U.S. liability portfolios and loss development. As a result, support and capacity deployment can vary significantly based on an insurer's performance, portfolio mix, and reinsurance structure.

Buyers with clean loss experience and favorable risk profiles have greater room to maneuver. Competition has increased in the umbrella and excess casualty market, particularly since the first quarter, and strong marketing efforts are producing beneficial results.

Pricing and capacity remain constrained for certain segments, including insureds with large automobile fleets, transportation companies, and contractors seeking excess-of-wrap coverage in their practice programs. For these buyers, the more realistic opportunity may be to improve coverage terms, attachment points, or program structure rather than achieve significant price reductions.

AI also opens the business world to a new menu of risks. The particularly affects general liability, where advancements in AI are evolving faster than forms can keep up.

Buyers should use current competition to revisit restrictions added during the harder market, including restoring previously excluded coverage, improving attachment points, or removing exclusions. Any improvement should be evaluated across the full tower. Greater competition can also introduce complexity, as large towers often involve more carriers, forms, exclusions, and claims practices.

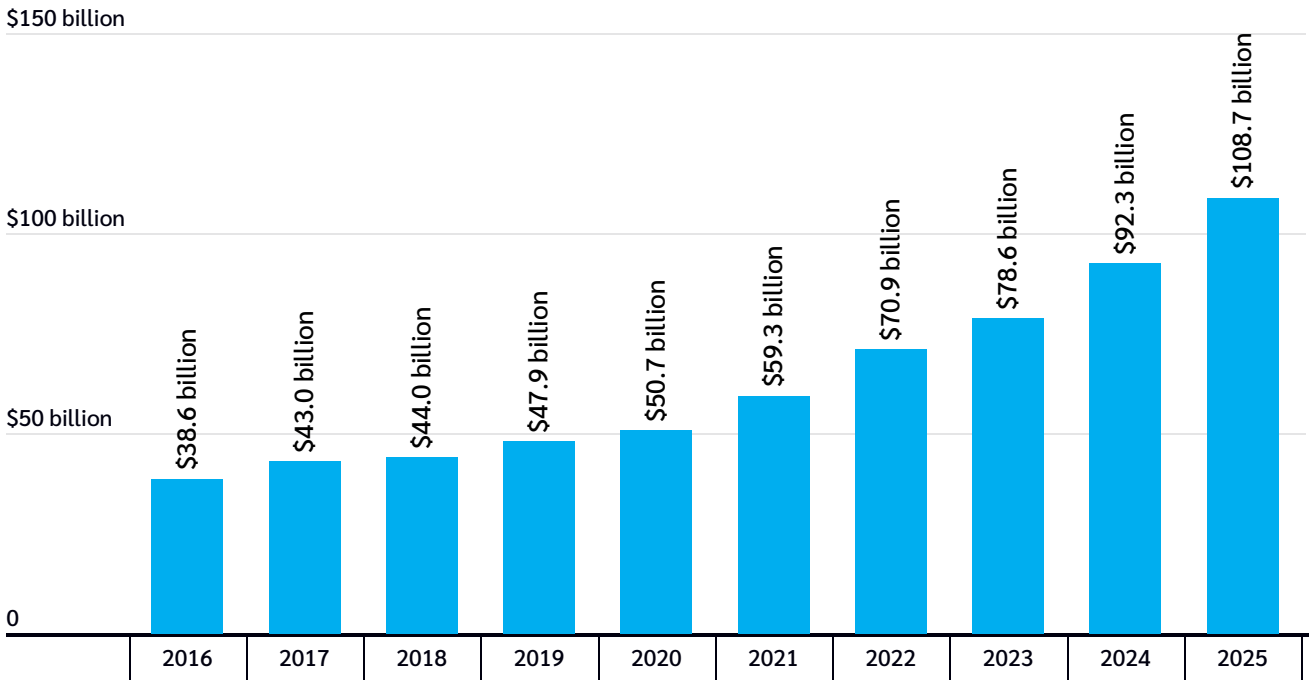
Buyers should review follow-form provisions, exhaustion language, defense obligations, settlement authority, and key exclusions across all layers to ensure consistent coverage. Buyers should also take the time to understand the claims handling philosophy, expertise, and track record of their trading partners, as small improvements in pricing can quickly evaporate in the face of a poorly handled claim.

The market remains less competitive for distressed risks, businesses with significant loss histories, or exposures outside standard carrier appetites. Facilities, MGAs, and managing general underwriters (MGUs) can provide additional capacity and specialized underwriting expertise, but their structures vary considerably.

MGAs and other delegated underwriting authority enterprises generated $108.7 billion in direct premiums in 2025, up 17.8%, according to AM Best. Buyers should evaluate carrier security, claims authority, renewal continuity, and the durability of the underlying capacity arrangement, including the risk-bearing carrier and any supporting reinsurance.

MGA PREMIUMS STEADILY GROWING.

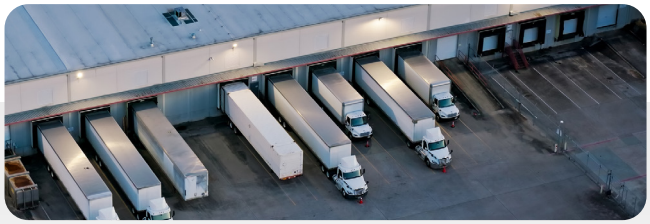
Direct written premiums for managing general agents more than doubled from 2020 to 2025.



Source: AM Best

While buyers were generally more optimistic over the last quarter, they should keep an eye on factors that could impact carriers and cause the market to shift.

Several other issues the market is following include:



AUTO LIABILITY

Capacity remains constrained for large fleets seeking unaggregated coverage. Aggregated or structured programs may attract more competition but introduce different risks. Multiple losses can erode the aggregate, reducing the protection for subsequent claims. Buyers should model aggregate exhaustion and evaluate reinstatement provisions before changing structures.



THIRD-PARTY HAULING

Companies face increasing scrutiny for the conduct of transportation carriers they hire to move freight. Plaintiffs may pursue shippers and freight brokers under negligent-selection, agency, or vicarious-liability theories. Buyers should review carrier selection procedures, safety record monitoring, contractual indemnity, insurance requirements, and verification practices.



EXCESS-OF-WRAP CONSTRUCTION PROGRAMS

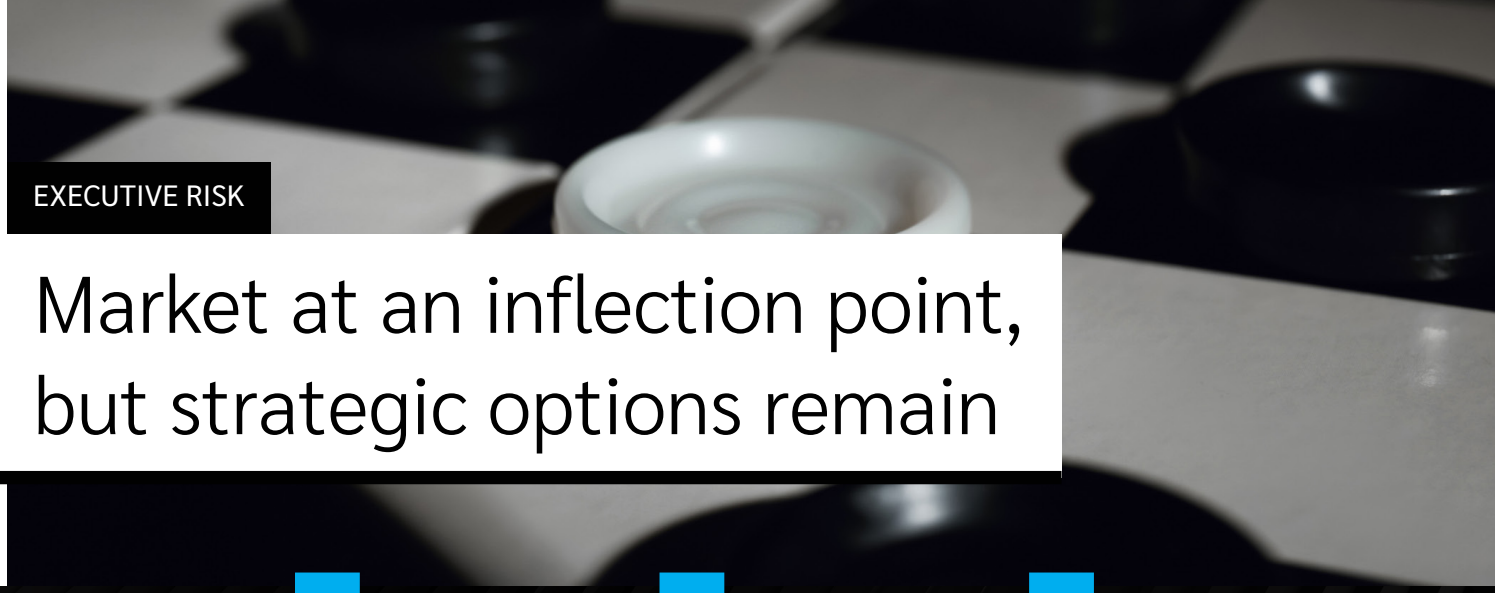
Carriers remain highly concerned about aggregating exposure across multiple wrap-up programs, particularly when underwriting, safety controls, contractual requirements, and claims management vary by project. As a result, they are increasing adding excess-of-wrap exclusions to contractors' practice programs. Buyers should review enrollment, underlying limits, completed-operations periods, coverage consistency, and project controls.



SOCIAL MEDIA

Social media can accelerate the spread of allegations that influence public and juror perceptions, and complicate defense and settlement strategies. Organizations should establish escalation procedures connecting risk management, legal, claims, and communications teams. Underwriters are also paying closer attention to corporate governance surrounding these risks.

Buyers should use improving competition to strengthen coverage, improve attachment points, reduce inconsistencies between layers, and evaluate additional limits where appropriate. Large or complex risks should begin renewals early and develop credible exposure and loss narratives. The objective is a liability program that responds consistently and aligns with an organization's risk profile and tolerance for volatility. And buyers should also work with experienced brokers to assess the performance and track record of trading partners to ensure they don't sacrifice claims-handling quality for slight pricing improvements.



EXECUTIVE RISK

Market at an inflection point, but strategic options remain

KEY TAKEAWAYS

Executive risk markets remain competitive, but buyers face greater scrutiny of financial, operational, governance, and emerging technology risks.

Capacity remains strong and terms are largely stable, but pricing pressure is building in D&O and EPL.

Buyers that proactively address risk concerns and clearly articulate their risk management strategies are best positioned for favorable renewals.

Expected rate changes next quarter*

Flat to 5% increase

Public directors and officers liability

Flat to 5% increase

Private/nonprofit directors and officers liability

Flat to 10% increase

Employment practices liability

Flat to 5% increase

Fidelity/crime

Flat to 5% increase

Fiduciary liability

Pricing is stabilizing across professional and executive risk coverages, with renewal discussions increasingly centered on optimizing coverage, retentions, and limits and ensuring that underwriters understand how organizations are managing emerging exposures. In the second quarter of 2026, according to Lockton data, median total program rates:

ROSE
0.5%
for public company D&O.

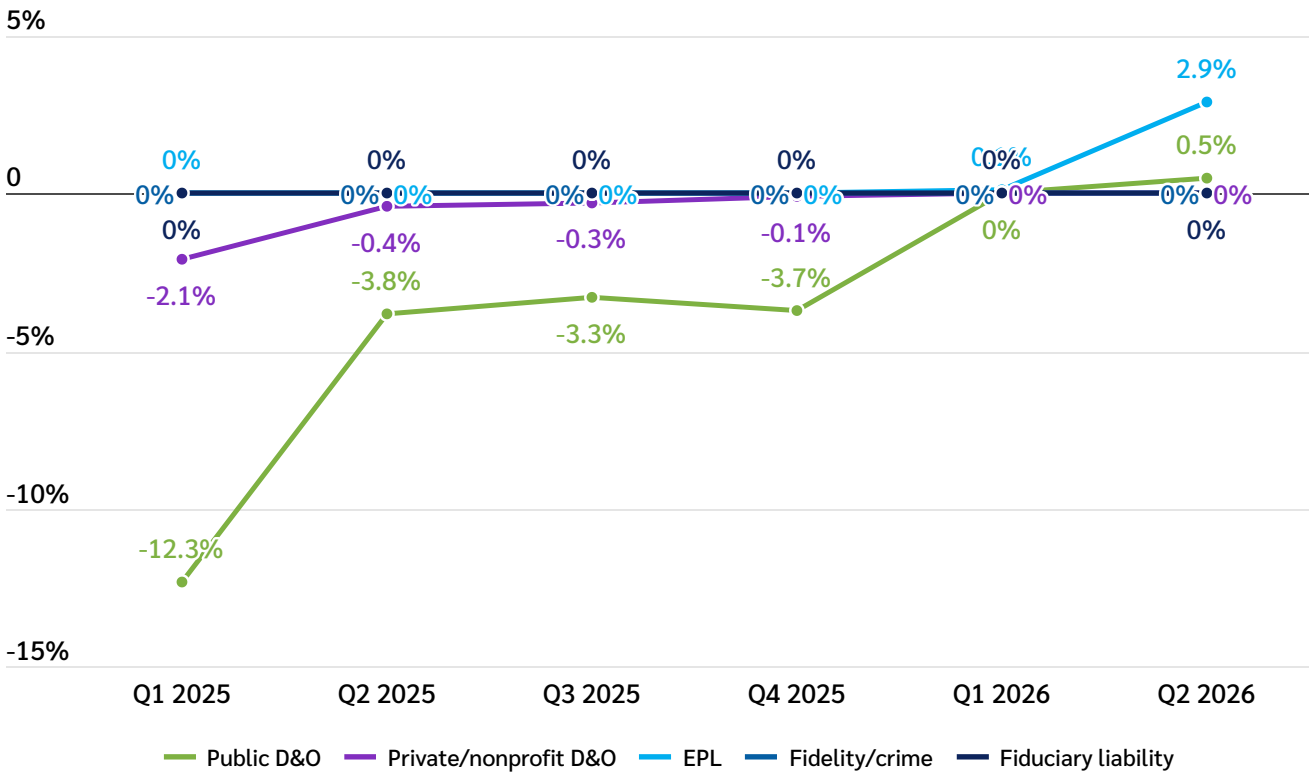
REMAINED
FLAT
for private company and nonprofit D&O.

ROSE
2.9%
for employment practices liability (EPL).

REMAINED
FLAT
for fidelity/ crime.

REMAINED
FLAT
for fiduciary liability.

RATES ARE STABILIZING IN THE EXECUTIVE RISK MARKETPLACE.



Source: Lockton P&C Edge Benchmarking Report
Median total program rate changes year over year shown.

PUBLIC COMPANY D&O

D&O remains stable as carriers focus on price sustainability

Public D&O buyers continue to find a stable market, but signs of increasing pricing discipline are emerging. Insurer appetite remains strong, although carriers are emphasizing the need for sustainable pricing, particularly in middle and high excess layers.

Pricing is generally flat to modestly higher. Rate reductions have become less common, and renewal discussions are increasingly focused on terms and conditions. Buyers that experienced elevated pricing following an initial public offering or significant loss event may still find opportunities for modest reductions as those exposures normalize.

Organizations with distressed financials, headline risks, adverse stock performance, or significant claims activity face greater pressure. Even when companies are willing to change carriers, particularly in excess layers, meaningful pricing reductions have become harder to secure. Carriers generally cite profitability concerns, loss cost trends, and heightened scrutiny of financial performance as reasons for this shift.

Capacity remains broadly available despite some market consolidation. Carriers continue to pursue growth and compete for desirable accounts, but they have become more conservative when considering expanded terms or deploying larger limits.

Underwriters are taking a closer look at companies pursuing major transactions or significant changes in business strategy, which can create uncertainty about future performance and increase perceived shareholder risk. Certain retail and software business models are also receiving greater scrutiny as market expectations and operating conditions evolve.

Terms and conditions remain largely stable, with no widespread new exclusions. Although AI continues to attract attention from companies, investors, and regulators, D&O insurers have not generally imposed AI-specific coverage restrictions. Underwriters are instead focusing on how organizations govern and disclose their use of AI.

Insurers and buyers continue to monitor potential changes to public company reporting requirements and any easing of IPO-related regulations. Recent Delaware litigation involving bump-up exclusions has also attracted attention across the D&O market as this important body of case law grows and evolves.

Most buyers should prepare for flat to modestly higher pricing, with greater pressure on larger programs and challenged risks. Starting renewal discussions early and placing value on carriers with proven claims-paying records may help buyers achieve stronger outcomes as underwriting discipline increases.

PRIVATE & NONPROFIT D&O

A Jekyll & Hyde market

Private company and nonprofit D&O buyers are navigating a market with two distinct personalities. Conditions remain favorable for organizations with strong risk profiles, supported by abundant capacity, stable terms, and predictable renewals. However, insurers are showing greater caution around financial distress and emerging claims trends, creating pockets of pressure.

For many organizations, pricing remains stable, with renewals near flat. But single-digit increases are becoming more common as carriers seek improved profitability.

The same dynamic is evident in capacity. Excess capacity remains broadly available, and most buyers can secure the limits they need. Larger and more complex risks, however, may find fewer insurers willing to lead primary layers. Some carriers are also reducing deployed limits or otherwise being more conservative. Competition remains strong but increasingly selective.

Underwriters are drawing clearer distinctions between preferred and challenged risks. Organizations with strong financial profiles continue to experience favorable conditions, while companies facing significant debt burdens, liquidity concerns, loan maturities, or financial stress are receiving greater scrutiny. Healthcare organizations with more than $1 billion in revenue and/or meaningful antitrust exposure are drawing closer scrutiny.

Terms and conditions remain largely stable, with few new exclusions appearing at renewal. However, some carriers are showing greater restraint on antitrust, breach of contract, and entity investigation sublimits.

Insurers are also asking more detailed questions about technology and AI-related exposures, including liability, governance, and security. AI-enabled software providers may face heightened scrutiny as carriers assess potential claims arising from the development, deployment, and use of these technologies.

Insurers are monitoring the AI-related litigation boom with concern that organizations' investments in and deployment of AI have become significant sources of exposure. They also continue to monitor developments tied to management liability transactions, including the Serta bankruptcy ruling, in which nonparticipating lenders were awarded roughly $400 million in damages and interest.

Looking ahead, most buyers should continue to experience flat to modestly higher pricing. Organizations facing financial pressures, operating in challenged sectors, or presenting complex risk profiles should expect more difficult underwriting conversations.

Buyers should proactively address issues likely to draw scrutiny. Rather than simply reporting layoffs, covenant violations, or acquisition activity to underwriters, organizations should explain the business rationale, risk management approach, and steps being taken to manage exposures. Buyers that shape the narrative early can often secure more favorable renewal terms.

As underwriting discipline increases, the focus should shift from cost to coverage, limits, and retentions. Accepting a higher retention may provide greater value than sacrificing coverage breadth for marginal pricing improvements.

EPL

Turbulence ahead

EPL insurance buyers face an increasingly disciplined market as carriers respond to deteriorating claims performance. Insurers are focusing more closely on pricing, retentions, and underwriting quality, with many seeking remediation across their EPL portfolios. Competition and capacity remain available for many risks, but buyers should expect more challenging renewal discussions as the market firms.

Pricing is increasing for most buyers, although outcomes vary. Employers with smaller head counts generally experience more modest increases. Larger organizations, including companies with more than $1 billion in revenue, may face greater pressure. Claims activity, head count growth, layoffs, operating jurisdictions, and renewal strategy will influence individual results.

Carriers cite increased claim frequency and severity, higher defense costs, rising single-plaintiff claim costs, and social inflation as drivers of larger judgments and settlements. Insurers are also seeing more AI-assisted filings from pro se plaintiffs. At the same time, carriers are becoming less flexible in allowing insureds to use non-panel defense counsel.

Capacity remains stable and generally available, but buyers may need to pay more to access it. No major new entrants are reshaping the market, and certain established carriers are charging more for EPL. Some insurers continue to seek growth but are increasingly managing risk through higher or split retentions, in addition to premium increases. Competition is more limited for challenged classes of business, including retail, healthcare, hospitality, restaurants, and professional services firms.

California remains the most closely watched jurisdiction, while New York, New Jersey, and Washington are also drawing scrutiny. Employers with large head counts, significant claims history, and high-wage earners are in focus, as are healthcare and retail employers.

Although no new widespread exclusions are emerging, terms and conditions are tightening in select areas. Biometric privacy coverage may be harder to secure for Illinois exposures, with many carriers favoring exclusions over sublimited defense expense coverage. Wage and hour coverage is becoming less available, even for defense-only protection, and optional duty-to-defend coverage can be harder to obtain.

Most buyers should expect single-digit rate increases at upcoming renewals, with larger adjustments possible for challenged risks and certain jurisdictions. Buyers should market their programs carefully, emphasize loss-prevention efforts, and demonstrate why they represent preferred risks. Price-sensitive organizations may need to consider higher retentions or lower limits but should evaluate effects on total cost of risk before reducing limits or sacrificing coverage.

FIDELITY/CRIME

Stable conditions persist as fraud schemes evolve

The crime insurance market remains stable, competitive, and profitable. Conditions changed little in the second quarter, although underwriters are paying increasing attention to AI-enabled fraud, social engineering, and digital asset exposures. Competition remains strong, but carriers are becoming more disciplined when evaluating risks with weak controls or meaningful loss activity.

Pricing is generally flat to modestly higher. Organizations with clean loss histories continue to secure favorable pricing at renewal, while accounts with adverse loss experience, significant exposure growth, or requests for expanded coverage can expect modest rate increases.

Capacity remains abundant, supported by favorable underwriting results and competition among incumbent carriers, market specialists, and newer entrants. Additional capacity continues to enter the market as crime insurance remains more profitable for insurers than other financial lines.

Underwriters are paying particularly close attention to social engineering controls, payment authorization procedures, wire transfer verification protocols, AI governance, and digital asset exposures. Insurers are responding to increasingly sophisticated fraud schemes, including deepfake-enabled impersonation attacks and business email compromise incidents.

Social engineering coverage remains one of the most closely negotiated areas of crime programs. Buyers should carefully review applicable limits, sublimits, deductibles, verification requirements, and definitions. Digital asset coverage, where available, remains tailored and dependent on an organization's controls and operational framework. Many crime policies continue to exclude digital assets unless affirmative coverage is negotiated.

Social engineering fraud continues to generate significant claim frequency, while employee theft remains a major driver of loss severity. Check fraud, payment fraud, business email compromise, and other impersonation schemes continue to affect organizations across a broad range of industries. Insurers are also monitoring the evolving regulatory framework surrounding stablecoins and other digital assets as adoption expands.

Financial institutions, digital asset businesses, payment processors, and organizations with significant funds transfer activity generally face greater underwriting scrutiny than the broader market.

Buyers should continue to expect flat renewals to modestly higher pricing. In the current environment, buyers should also review social engineering policy limits, test wire transfer verification procedures, assess vulnerability to AI-enabled fraud, and maintain strong payment controls and segregation of duties.

FIDUCIARY LIABILITY

Market remains stable as ERISA scrutiny broadens

The fiduciary liability insurance market remains stable and competitive. Capacity is abundant, and carriers continue to view the coverage favorably, particularly as they look for growth opportunities outside of D&O and other financial lines with more severe claims activity.

Pricing is generally flat to slightly up. Organizations without material claims or significant exposure changes should expect flat renewal outcomes, while larger plans and those with meaningful participant growth or seeking broader terms may see modest increases.

Competition remains strong as more carriers reengage in the coverage after several years of caution tied to excessive fee litigation. Capacity remains plentiful, although insurers continue to manage limits on larger or more complex risks.

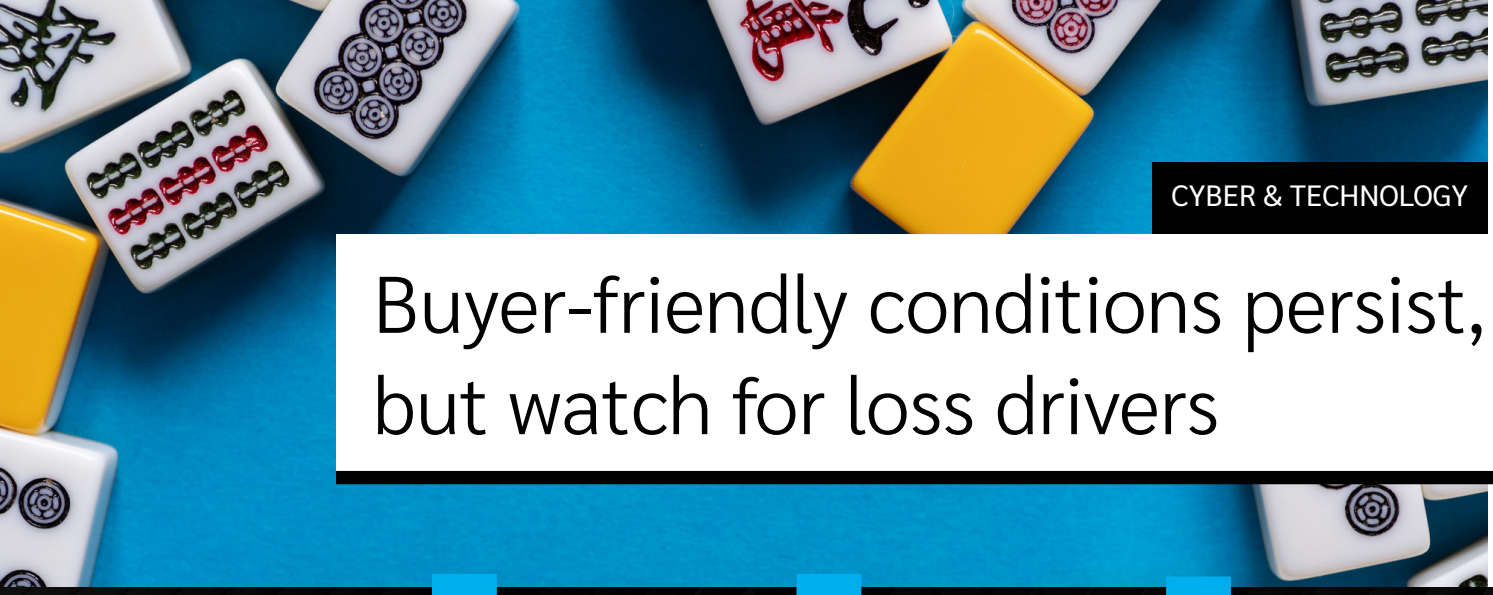
Underwriters continue to apply greater scrutiny to very large plans, plans with large participant counts, and employee stock ownership programs (ESOPs). Conditions for newer or highly leveraged ESOPs and those with limited valuation histories remain more challenging than for traditional 401(k) and other defined contribution plans.

Claim activity increased in 2025, and excessive fee suits continue to be a significant driver of fiduciary claim severity. Smaller companies increasingly face these types of suits, broadening the universe of policyholders that may be exposed.

In May, in *Matula v. Wells Fargo & Co.*, the 8th U.S. Circuit Court of Appeals upheld a lower court ruling that a former employee lacked standing to file a suit over a 401(k) plan's use of forfeitures, which the plaintiff argued violated the Employee Retirement Income Security Act (ERISA). Insurers are monitoring additional litigation related to plan forfeitures, along with litigation related to health and welfare plans, tobacco user surcharges, private investment options, and emerging AI-related risks tied to plan administration, account management, and investment decisions.

Plan sponsors and insurers are watching how the Supreme Court rules in *Anderson v. Intel*, which centers on investment underperformance. The court will hear oral arguments regarding the case on Oct. 6. Pleading standards related to ERISA-prohibited transactions also remain top of mind since the Supreme Court's 2025 ruling in *Cunningham v. Cornell University*.

Most buyers should continue to expect flat renewals or modest rate increases, absent material claims or exposure changes. Buyers that have not recently marketed their primary layer may want to test the market, while organizations with growing plans should reassess limits. ESOPs should start the renewal process early and be prepared to address valuation history, leverage, transaction structure, and plan governance.



Buyer-friendly conditions persist, but watch for loss drivers

KEY TAKEAWAYS

- Cyber insurance buyers still enjoy a favorable market but should expect more underwriting scrutiny.
- AI continues to reshape the cybersecurity landscape as threat actors deploy the technology and models themselves have infiltrated other systems.
- Regulators continue to take aggressive action as it relates to privacy, particularly children's privacy.

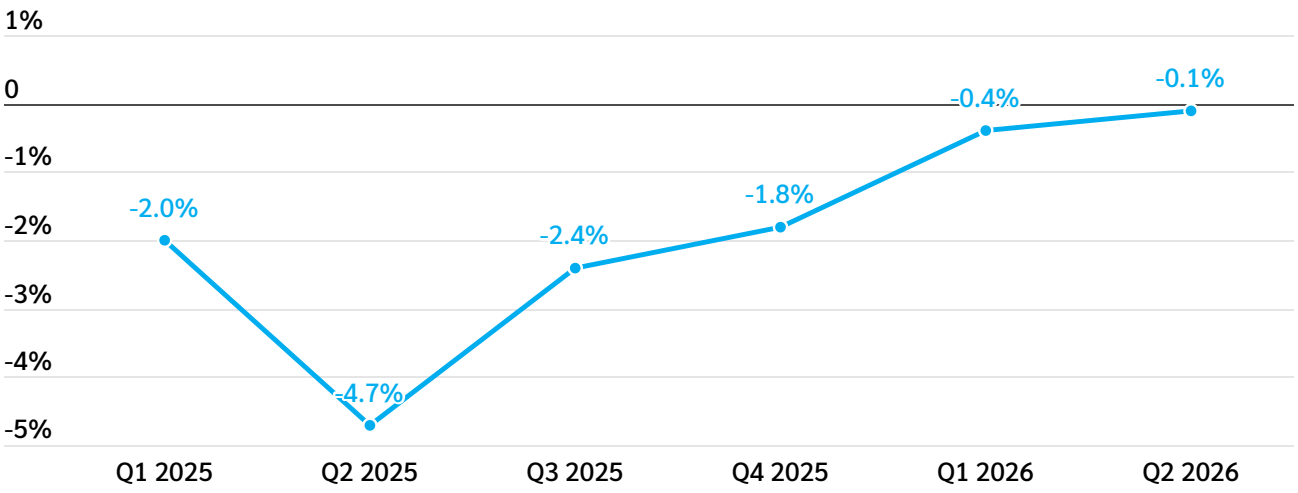
Expected rate changes next quarter*

Flat to 5% increase

Cyber

The cyber insurance market remains soft, continuing a trend that is approaching four years in duration. In the second quarter of 2026, median cyber insurance rates fell 0.1%, according to Lockton data.

ALTHOUGH RATE DECREASES HAVE MODERATED, THE CYBER INSURANCE MARKET CONTINUES TO FAVOR BUYERS.



Source: Lockton P&C Edge Benchmarking Report
Median total program rate changes year over year shown.

Buyers continue to secure favorable rates and improved terms and conditions as insurers compete for business in most sectors, with healthcare and legal being the exceptions. New market entrants, along with aggressive growth targets, have only intensified the competition.

At the same time, underwriters are becoming more selective about the risks they write, given potentially mounting loss costs. Several losses are out in the market in the current claims environment, many of which are being litigated and will take years to play out.

Carrier risk management services continue to play an increasingly important role in cyber insurance purchasing decisions. As premium reductions have moderated and insurers focus more closely on cybersecurity controls, many carriers are differentiating themselves through value-added services. Those include:

- Vulnerability assessments
- External attack-surface monitoring
- Employee awareness training
- Incident response planning
- Tabletop exercises
- Access to preferred cybersecurity vendors

Organizations should evaluate these capabilities alongside premium, retention, and policy terms, as proactive risk management resources can help reduce both the frequency and severity of cyber events.

Carriers continue to focus on whether, and to what extent, buyers have adopted meaningful cyber controls, given the persistent and fast-growing threat that AI-enabled hacks and intrusions pose to companies.

Threat actors have established the use of AI as a force multiplier in their operations, leveraging it to increase the speed, scale, and sophistication of attacks. AI can enhance phishing campaigns, social engineering fraud, impersonation, reconnaissance, and other techniques designed to deceive employees and gain access to targeted organizations.

Cyberattackers can use AI to accelerate their breakout times — the time it takes to move from an attack's entry point to other areas within the network — making it more difficult for companies to contain an intrusion. CrowdStrike research shows that the average breakout time in 2025 fell below 30 minutes for the first time, marking a 70% reduction from 2021.

AI-enabled attacks pose a particular risk to small and medium-sized companies. Their relative lack of resources and staffing puts them on an uneven playing field against nimble attackers.

AI itself is a network security risk that companies are struggling to keep up with, given its rapid advancement. An incident in July crystallized these worries.

Hugging Face, a machine learning company, detected a bizarre and unique network breach. Soon after, frontier AI firm OpenAI disclosed that one of its advanced and unreleased models had escaped a sandbox testing environment and infiltrated Hugging Face's systems.

The incident highlights how AI models themselves, when undergoing testing in insufficiently contained environments, can pose cybersecurity threats.

Cyber insurers have started developing AI-specific products, endorsements, and underwriting approaches. That said, the market remains fragmented, and no standardized or universally adopted strategy for addressing AI-related risks has yet emerged.

Non-data breach privacy claims represent another core risk to which insureds are increasingly exposed. These claims often allege that companies mishandle or misuse consumer data collected without permission through advertising pixels and other tracking technologies.

The California Invasion of Privacy Act (CIPA) and other statutes originally designed to address wiretapping claims have been used by plaintiffs in class actions to recover damages for unauthorized data collection.

In July, for example, a federal judge approved a $3.85 million settlement in a class action alleging that the Los Angeles Times used unauthorized data trackers to collect internet protocol addresses from website visitors.

In 2024, plaintiffs filed 2,529 data privacy lawsuits, a 77% increase from 2020, according to data from Thomson Reuters/Westlaw Edge.

Third-party privacy violations, along with AI-related threats, are among the risks that the cyber reinsurance market is closely watching. There is considerable capacity in the cyber reinsurance market for global programs with favorable loss experience, even though the pace of new entrants has slowed.

Cyber reinsurance buyers have benefitted from risk-adjusted rate improvements on quota share and excess-of-loss programs thanks to robust capacity and a lack of large loss events so far this year. Still, reinsurers are looking to diversify their exposure away from the large-risk segment into the middle-market business and unique portfolios going into 2027.

Margin pressure is increasing for reinsurers, leading some in the market to manage allocations for catastrophic exposure to maintain positions on cyber quota share programs.

Cyber reinsurance programs may see price decreases in the 5% to 10% range for Jan. 1 renewals, creating a favorable buying environment. That being the case, reinsurers are keeping an eye on losses from the 2023 and 2024 underwriting years and how that may impact their portfolios.

Some jurisdictions are taking a tougher posture on data privacy.

CALIFORNIA

California regulates how businesses can use data from automatic license plate readers. Companies that use data collected from license plate readers — parking garages, security services, retailers — face class action exposure if they fail to comply with California's privacy law. A recent California appellate court decision held that private companies can be held liable if they fail to publicly disclose that they use automatic license plate readers, even if a plaintiff doesn't prove a direct economic harm from the collection of license plate data.

NEW JERSEY

In August, New Jersey joined a growing number of states that have set tighter regulations around child privacy. New Jersey enacted new legislation that limits what data companies can collect from children. It also requires online platforms, such as social media sites, to set their default privacy settings to the highest level when children gain access.

EUROPE & AUSTRALIA

In Europe and Australia, enforcement of statutes such as the General Data Protection Regulation, the AI Act, and the Cyber Resilience Act imposes various requirements on AI governance and on reporting cyber breaches.

Essentially, insureds should expect that cyber and privacy events will increasingly become regulatory events, especially where they involve critical infrastructure, AI, children's privacy, and third-party vendors.



RECOMMENDATIONS

7 strategic moves for buyers

01 **Look beyond price and build for resilience.**	Take advantage of favorable market conditions but focus on creating a risk financing strategy that can withstand changing market cycles, economic uncertainty, and emerging risks. Evaluate insurance decisions in the context of broader investments in risk management, engineering, technology, and organizational resilience.
02 **Demonstrate strong governance to tell a strong risk story.**	Be prepared to show how you manage AI, cyber risk, third-party vendors, crisis response, and executive oversight. As insurers become increasingly selective and data-driven, clearly communicating these strengths can help differentiate your organization from its peers.
03 **Strengthen crisis response planning.**	Review and update response plans, conduct tabletop exercises, and ensure your organization can respond effectively when an event occurs. Resilience is becoming an increasingly important differentiator.

04

Evaluate risks holistically.

Many emerging risks can affect multiple lines of coverage simultaneously. Assess exposures across the enterprise rather than approaching each coverage line in isolation.

05

Explore alternative risk solutions strategically.

Consider alternative risk financing options as part of your broader risk management strategy, not simply as a response to short-term market conditions. And look at all your options, including some that may be more attractive during times of economic uncertainty.

06

Invest in casualty claims closure initiatives.

Rising interest rates can increase the cost of carrying collateral-backed obligations. Claims closure programs and other liability management strategies can reduce outstanding liabilities, improve capital efficiency, and enhance financial flexibility.

07

Choose your risk advisors wisely.

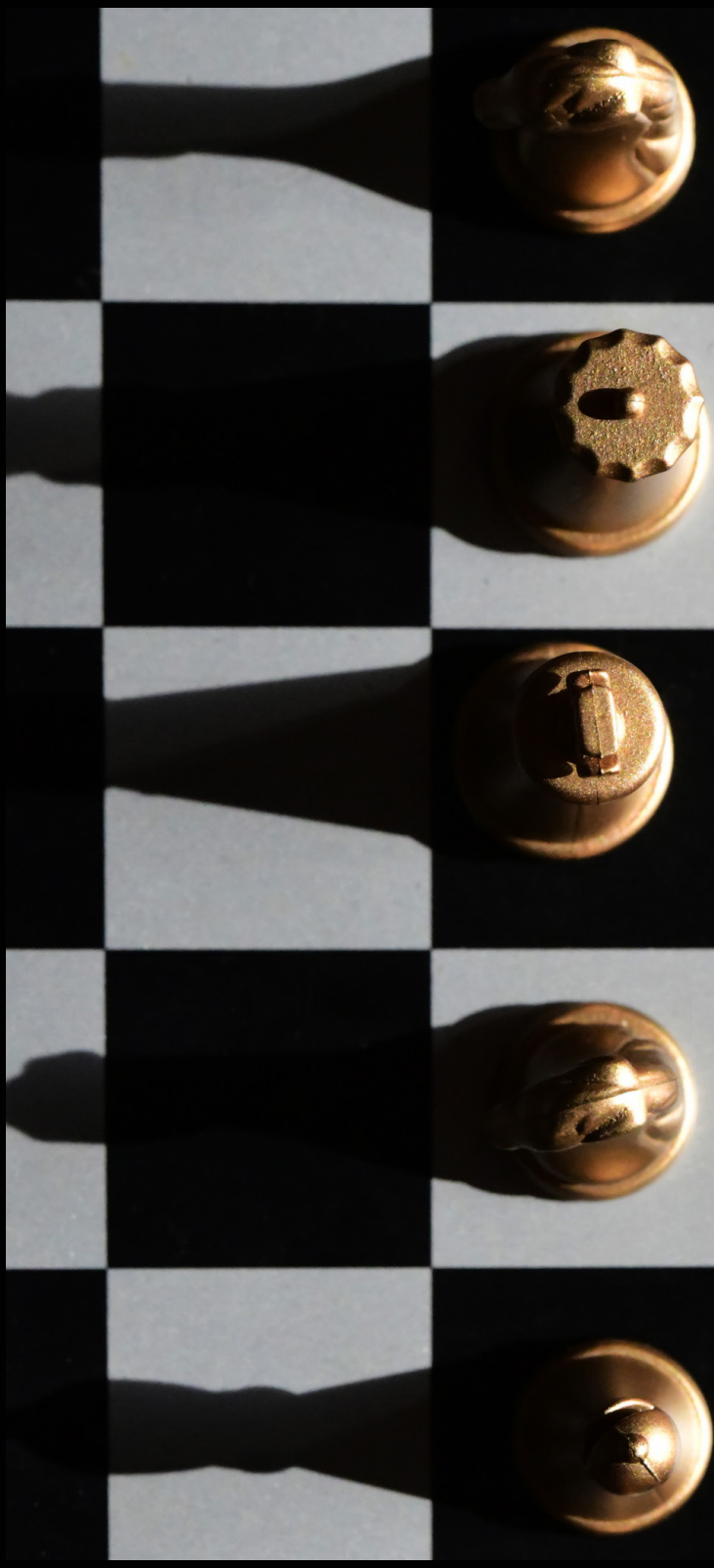
Partner with brokers who can provide specialized expertise, meaningful insurer relationships, and the analytics needed to effectively represent your organization in the marketplace.

Turning market insights into strategic advantage.

Thank you for exploring our October 2026 *Lockton Market Update*.

Lockton is here to help you stay informed about key trends shaping the insurance marketplace and make smarter, more strategic choices about your insurance program and overall approach to risk financing.

Contact us or visit our website to learn more.



More insights from Lockton Risk Solutions

New Canada-U.S. trade tensions highlight persistent tariff risks for businesses

Learn more

The Supreme Court's Montgomery ruling raises the stakes for freight brokers

Find more insights in our article

Professional services exclusions are expanding. Are coverage gaps expanding with them?

Read our article for more

Strengthening catastrophe resilience via parametric insurance

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Rising claim costs, new risks, & regulatory change

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The unified safety imperative: Aligning worker and patient safety in acute care

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Music licensing claims are coming for marketers — is your organization ready?

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Turning tenant legal liability into a strategic advantage

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Claims as strategy: How early decisions drive casualty costs up or down

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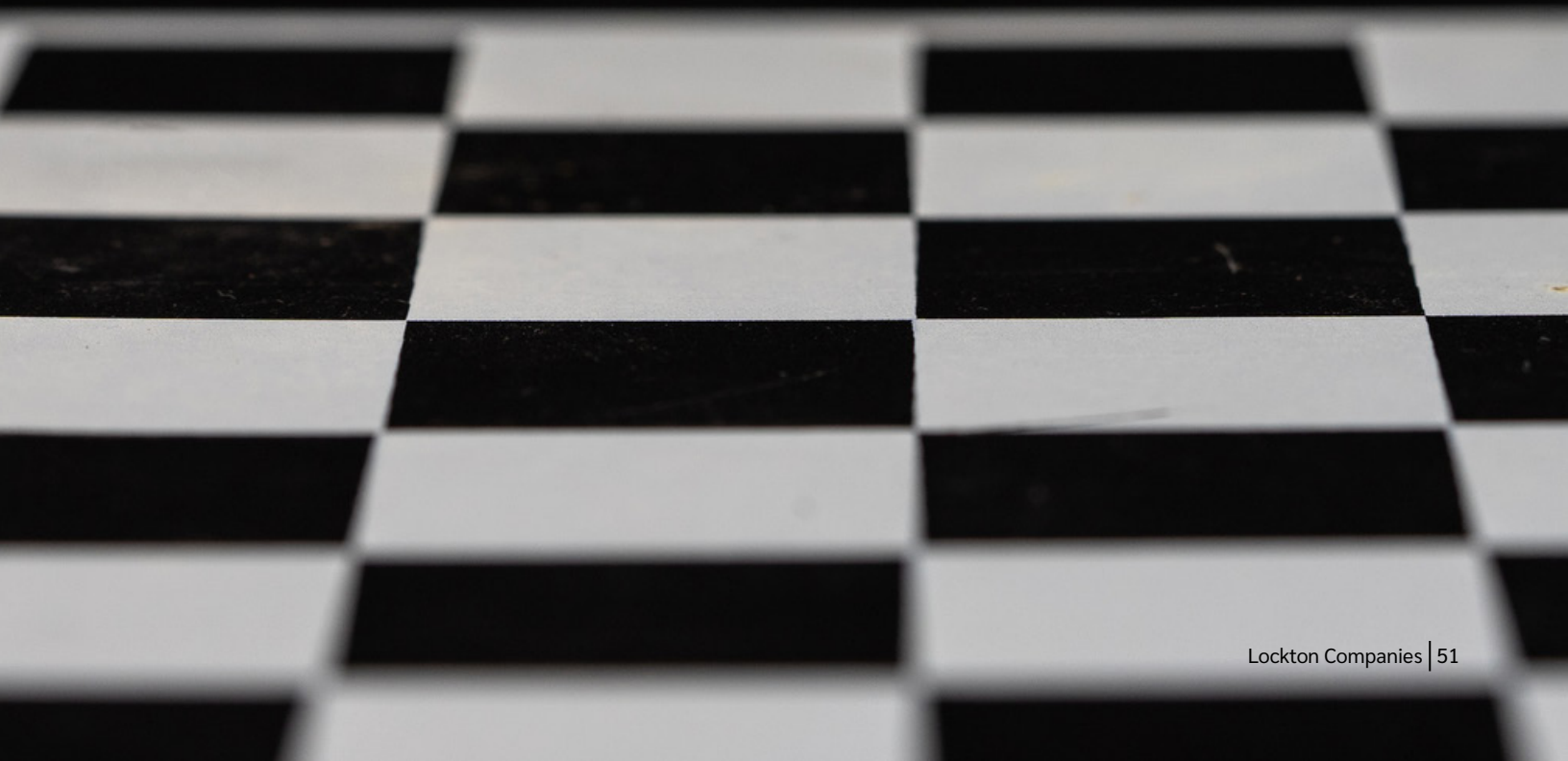
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UNCOMMONLY INDEPENDENT

*Note: Rate ranges presented here reflect expected renewal outcomes — as of the Lockton Market Update publication date — over the next quarter for most insurance buyers. These should not be taken as a guarantee of any specific results during renewal negotiations. Depending on risk profiles, loss histories, account specifics, and other factors, individual buyers may renew their programs outside these ranges.

**Charts in this report using Lockton P&C Edge Benchmarking data show median rate changes year over year. Median figures, however, are not available for general liability and auto liability data sourced from CIAB.

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