



PUBLISHED | THIRD QUARTER 2025

Market Update

Commercial Insurance

| A LOOK AT THE STATE
OF THE INDUSTRY

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Table of Contents

Casualty	4
▪ Automobile	4
▪ General Liability	5
▪ Umbrella	6
▪ Workers' Compensation	7
Cyber	8
Environmental	9

Executive Risk	10
▪ Crime	10
▪ Directors and Officers Liability for Private Companies	11
▪ Directors and Officers Liability for Public Companies	12
▪ Employment Practices Liability	13
▪ Fiduciary Liability	14
M&A and Transaction Solutions	15
Marine Cargo	16
Property	17
Surety	18



2025 Third Quarter

Welcome to the latest edition of *Market Update*, where you can learn about the issues and considerations that impact your commercial insurance programs by line of coverage. **This report provides a broad overview of the commercial insurance market. Cost, availability and performance of specific programs may vary by industry, risk profile and other factors.**

Questions?

Contact your Hylant service team member or connect with us at hylant.com/contact-us.

About the Report Gauges



Soft

Stable

Hard

MARKET HARDNESS

A soft market is characterized by lower premiums, abundant capacity, and broader coverage. A hard market is characterized by coverage that is more expensive, harder to obtain, and has stricter terms and conditions.



Abundant

Sufficient

Limited

MARKET CAPACITY

When market capacity is abundant, more insurance is available, and prices tend to be lower. Limited capacity makes insurance more expensive and difficult to obtain.

Casualty

Automobile

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ABOUT THE DASHBOARD



For the past decade, the commercial auto insurance market has been especially challenging for both insurers and insureds, characterized by significant underwriting losses, plummeting profitability, and continued rate hikes. As of 2024, insurers have experienced combined loss ratios above 100% for 12 of the past 13 years. Expect the auto market to be challenging as insurers continue to pay out more in claims and expenses than they are earning in premiums.

DASHBOARD



MARKET HARDNESS

Hard



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

7% to 20% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

TECHNOLOGY ADVANCEMENTS

Technological advancements, including telematics and collision avoidance systems, are crucial for securing preferred capacity and improving claims management.

ALTERNATIVE RISK SOLUTIONS

Insureds continue to face larger retentions and higher umbrella attachment points, particularly for high-hazard risks. Alternative risk solutions like buffer layers, captive utilizations, quota-share retentions, and structured programs are essential to manage these challenges.

ELECTRIC VEHICLE ADOPTION

Electric vehicles (EVs), including commercial fleets, continue to gain traction in the U.S. auto market. Experts estimate there will be more than four million EVs in U.S. fleets by 2030.

SURGE IN COLLISION EXPENSES

The overall cost associated with vehicle collisions has climbed dramatically in recent years. According to a report from AAA, vehicles equipped with driver assistance systems often cost twice as much to repair as those without them. Further, repair shops are experiencing delays in obtaining parts (e.g., microchips), driving up repair times and downtime for commercial fleets.

FLEET STRATEGY OPTIMIZATION

To manage higher insurance costs, some insureds are trying to reduce the radius of their operations by shifting from long-haul to local trucking or using smaller box trucks instead of tractors for long-distance hauling.



Casualty

General Liability

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Insurers continue pushing rates higher for general liability (GL), largely driven by the rise in claim severity due to nuclear verdicts and social inflation. Since insurers have less limit exposed in the primary GL line, rate increases have remained relatively moderate compared to auto and umbrella. However, certain hazardous classes with difficult premises or product exposures will see higher rate increases.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Sufficient



EXPECTED RENEWAL RATES
4% to 10% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

LITIGATION AS A FIRST RESPONSE

Aggressive advertising across all media platforms by the plaintiff's bar has helped normalize litigation as a first response to incidents of practically any kind. Recent carrier loss data indicates that over 50% of new GL claimants are represented by legal counsel, with more than two-thirds obtaining representation within two weeks of an injury.

RISING PREMISES CLAIMS

Premises claims arising from slips and falls, assaults, and active assailants have been significantly increasing in recent years, adding to the deteriorating loss experience for many insurers in the GL line.

TARIFF IMPACTS

An emerging concern is the impact of rising global tariffs. When paired with inflationary pressures, the cost of manufacturing goods and delivering services continues to climb. If tariffs further strain supply chains and profit margins, businesses could experience increased litigation and more expensive GL premiums.

GEORGIA TORT REFORM

The recent passage of tort reform in Georgia is a significant win for insurers and businesses aiming to curb litigation in a state that has become increasingly troubling. The new legislation, along with similar reforms in Florida, is a welcome sign that states may be waking up to the impact of social inflation on businesses and consumers. However, nationwide tort reform still has a long way to go, and it is unclear whether other states will adopt their own reforms.

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High-hazard lead umbrella rates are generally at the top of the range or even higher. Excess umbrella layers are expected to remain in the low range of rate change.

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MARKET HARDNESS

Hard



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

5% to 15%+ increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

LOSS FORECASTING COMPLEXITY

Insurers historically could rely on loss experience to estimate reserves and price coverage. Past data is no longer a high predictor of future potential losses.

EMERGING RISKS

Umbrella underwriters are struggling to evaluate and price several emerging risks, such as autonomous vehicles, artificial intelligence, nanotechnologies, 3D printing, and advanced robotics.

RECONSIDERING OCCURRENCE-BASED POLICIES

Carriers are seeking to limit multiyear losses under occurrence-based policies. The recent announcement by Chubb, National Indemnity, and Zurich of a new excess casualty facility centered on claims-made and reported coverage could be a sign that the industry is beginning to steer buyers away from occurrence coverage.

RISING CLAIM COSTS

Umbrella insurers see no end in sight to rising claim costs, particularly in industries such as construction, healthcare, hospitality, and transportation. Expect pricing for lead and excess umbrellas to increase into the foreseeable future.

SHRINKING LIMITS

Lead umbrella limits of \$10 million in 2025 are much less available compared to 2023 and 2024. Limits of \$5 million (or less) are becoming the norm for high-hazard risks.



Casualty

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The National Council on Compensation Insurance's industry highlights noted that the 2024 calendar year combined ratio for workers' compensation (WC) was 86%, indicating underwriting strength across the system. Lost-time claim frequency fell by 7.6% in 2023 and 5% in 2024, which outpaced the 20-year average annual decline of 3.6% from 2004 to 2023. The industry had a redundant reserve position of \$16 billion through 2024, down from \$18 billion in 2023.

DASHBOARD



MARKET HARDNESS

Soft



MARKET CAPACITY

Abundant



EXPECTED RENEWAL RATES

-5% decrease to 2% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

PROFITABILITY MEETS PRESSURE

Although the industry is profitable, years of WC rate decreases have also outpaced wage growth. If medical inflation accelerates and the labor market slows, insurers may see an increase in claim frequency and severity, putting pressure on achieving small rate increases, compared to consistent rate decreases.

AI-DRIVEN WORKPLACE SAFETY

Artificial intelligence (AI) technology has the potential to change many aspects of the workplace, especially those related to preventing and managing occupational injuries. As AI technology becomes more readily available, implementing it could significantly reduce workplace injuries in the future.

LIMITED COMPETITION

Especially in the loss-sensitive marketplace, businesses nearly always purchase the primary casualty lines from the same carrier since WC offers considerable ballast to the auto line and

general liability line, which are experiencing continued rate increases. This has reduced the viability of mono-line WC solutions, somewhat limiting impactful competition.

CHALLENGING LABOR MARKET

The labor market continues to present challenges to many businesses. To become fully staffed, companies must hire more inexperienced workers and/or keep older workers employed beyond traditional retirement years. As a result, effective safety and claims management practices are extremely important to control the inevitable higher claim frequency from these workers.

POTENTIAL PREMIUM INCREASES

California recently approved a rate increase of 11.2%. This rate increase is significant, as the state's payroll accounts for about 20% of the WC market nationally. Other states could file for rate increases later this year and into 2026, signaling higher WC premiums in the future.

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Cyber risk transfer isn't one-size-fits-all. Each industry faces unique risks (e.g., business interruption in manufacturing, compliance in healthcare, artificial intelligence (AI) and increased litigation in technology, etc.), and insurers weigh them differently when considering renewal rates. Across all sectors, strong controls remain the top priority for underwriters. Tailoring coverage forms, limits, vendors, and available tools can significantly improve organizations' positioning before and after a cyber incident.

DASHBOARD



MARKET HARDNESS

Soft



MARKET CAPACITY

Abundant



EXPECTED RENEWAL RATES

-5% decrease to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

RISE OF ARTIFICIAL INTELLIGENCE & TECHNOLOGY PRODUCTS

The rise of AI and tech tools adds new risks that should be addressed in a cyber risk management program. Operational technology and third-party exposures can be covered through cyber and tech-specific policies. As businesses adopt AI tools, it's important to assess how data is used and what new resources are being implemented. A tailored policy can help manage these evolving risks.

REGULATORY OVERSIGHT & MANDATORY ACTIONS

Regulatory oversight and mandatory actions before and after a cyber event are evolving rapidly. States are introducing privacy and AI-related regulations that directly impact cybersecurity practices. Staying informed and engaging your insurance broker, carrier, and breach response experts can help reduce the risk of additional fines and penalties following an incident.

RANSOMWARE

Hackers are using AI and tools like ChatGPT to be more aggressive and creative. Organizations are turning to benchmarking, analytics, risk management

tools, and incident response planning to address the growing severity of attacks, limit their impact, and protect their reputations. Despite this, 80% of claims stem from human error, often involving compromised credentials.

DIGITAL SUPPLY CHAIN CONCERNS

Insureds need to ask who they depend on (their "digital supply chain") and what happens if a cyberattack disrupts those partners. Contingent business interruption, one of the most overlooked sections of a cyber policy, protects organizations from events their security team can't control.

SOPHISTICATED SOCIAL ENGINEERING

Social engineering and invoice manipulation claims are becoming more sophisticated. AI and ChatGPT are making it easier for hackers to manipulate employees into transferring money to the wrong places. Instituting best practices, such as callback procedures, dual signatures, and maximum transfer amounts, can all minimize event frequency and severity.

Environmental

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The marketplace remains stable, with sufficient competition helping to keep rates competitive. Blended general liability/pollution policies are seeing flat to 3% renewals, while monoline pollution rates are holding steady or declining. Underwriting is becoming slightly more restrictive, with exclusions such as PFAS and wildfire being added more frequently. Like the casualty market, the excess pollution space is experiencing rate pressures and capacity limitations. While sizable towers can still be built, they often require participation from multiple carriers.

DASHBOARD



MARKET HARDNESS

Soft



MARKET CAPACITY

Abundant



EXPECTED RENEWAL RATES

Flat to 3% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

PFAS UPDATE

PFAS exclusions are now common in pollution liability policies. With unclear federal cleanup standards and potential state involvement, carriers face uncertainty. Still, exclusions can often be negotiated away with strong supporting data. The property's operational history will guide the type of environmental report needed to negotiate removal.

CHALLENGING EXPOSURES

Based on shifting business risk factors and recent claim activity, certain industries might benefit from exploring multiyear placements. The healthcare sector is facing increased challenges related to mold and Legionella claims, and businesses with railroad exposures are under greater scrutiny following a rise in derailment incidents. These multiyear policies can provide stability by locking in current rates and maintaining broader coverage terms.

CREATING EFFICIENCIES

Some carriers are launching online platforms that allow brokers to generate their own contractors pollution liability quotations, leading to faster turnaround times and lower minimum premiums

with competitive terms. Some carriers are also offering underground storage tank policies on admitted paper, removing surplus lines taxes and declination requirements.

TRANSACTIONAL TERMS & PRICING

Insurers are generally reluctant to cover cleanup for known contamination. However, we're seeing creative solutions emerging in the transactional placement space. These policies can act as a safety net, shifting unpredictable environmental costs to the carrier. Depending on the scope of contamination, pricing may be more affordable and terms broader than buyers expect.

ACCELERATED ENVIRONMENTAL REVIEWS

The Trump administration has taken steps to speed up federal permitting for infrastructure, including faster National Environmental Policy Act reviews, broader exclusions, and tech upgrades. While streamlined processes can accelerate projects, they may also increase environmental risks due to less thorough assessments. Transactional pollution liability and contractors pollution liability policies can help protect against unknown pollution risks.

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Crime

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Ample capacity is driving market stability. Companies with robust controls are viewed positively. Social engineering risk is still being underwritten. Those companies with favorable controls for social engineering risks are receiving favorable social engineering coverage limits.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
Flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

SOCIAL ENGINEERING

Social engineering losses continue to be a major loss driver for companies of all sizes and across all industry sectors. Companies should implement training for all employees, especially those responsible for initiating or authorizing funds transfers. In addition to training, robust controls should be in place for all employees and the individuals responsible for fund transfers.

Insurers continue to sublimit social engineering. However, a number of insurers, both domestically and in London, are willing to offer large social engineering limits for companies with favorable controls.

CHECK FRAUD

Check fraud due to mail fraud is a rising issue for companies. Fraudsters are using check washing techniques to alter and counterfeit checks, making them appear legitimate.



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The continued availability of capacity is fueling a competitive market for private companies. Several years of rate reductions have stabilized pricing, prompting incumbent insurers to resist offering significant premium cuts. However, the abundance of capacity combined with aggressive marketing efforts may still lead to further premium reductions and potential coverage enhancements.

DASHBOARD



MARKET HARDNESS

Stable



MARKET CAPACITY

Abundant



EXPECTED RENEWAL RATES

-5% decrease to flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

EXPANDED COVERAGE

Private companies are receiving favorable coverage grants that may have previously been limited, such as coverage for antitrust matters and entity investigations.

UNDERWRITING SCRUTINY

Companies that are financially distressed and have pre-restructuring/bankruptcy risks or those in certain industry classes, such as healthcare, biotechnology, oil and gas, and cannabis, are still routinely subject to underwriting scrutiny.

AI-DRIVEN RISKS

The use and disclosure of artificial intelligence (AI) can lead to underwriting scrutiny. In 2024 and 2025, both private and public companies have seen increased litigation risk based on statements made about AI capabilities.

PRIVATE EQUITY PRESSURES

Private equity roll-up platforms are subject to underwriting scrutiny related to macroeconomic concerns such as interest rate pressure leading to debt covenant violations, unfavorable debt refinancing, and potential antitrust exposure.

BROADER RISK FOCUS

Key focus areas for underwriters include, but are not limited to, cyber/privacy and adequacy of disclosures and board oversight; human capital and labor retention; pressure from shareholders conflicting with environmental, social and governance practices and diversity, equity, and inclusion practices; and claim history.



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The public D&O market is stable, but there are signs of firming, with some risks seeing slight increases in premium. Established insurers are pushing for a sustainable rate to avoid losses. However, the abundance of capacity, including capacity from new insurers trying to gain market share, is a counterbalance to the push for premium by the established insurers.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-2.5% decrease to 2.5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

SECURITIES CLASS ACTION FILINGS

There have been 108 new filings in the first half of 2025. If this trend continues, the number of filings for 2025 will be down slightly from 2024. However, the average settlement value is up 27% from 2024.

EVENT-DRIVEN SUITS

The number of artificial intelligence-related suits is increasing. An example includes “AI washing,” where companies overstate the impact of AI on their businesses.

SEC REGULATORY ENFORCEMENT

With the change in administration, enforcement actions are likely to decrease.

ECONOMIC AND GEOPOLITICAL RISKS

The impacts of tariffs, company insolvencies and hostilities pose challenges to companies.



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The employment practices liability market remains competitive with sufficient market capacity, but it is beginning to firm. Markets are committed to writing new business and providing favorable renewals to maintain their books of business. Companies with substantial loss histories or exposures in challenging jurisdictions (e.g., California) or certain industry classes (e.g., healthcare and retail) may see the higher end of the market from a premium and self-insured retention standpoint.

DASHBOARD



MARKET HARDNESS

Stable



MARKET CAPACITY

Sufficient



EXPECTED RENEWAL RATES

Flat to 5% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

PRIVACY-DRIVEN EXCLUSIONS

Privacy and Biometric Information Privacy Act (BIPA) exclusions continue to be added to policies, due to increased loss experience. Defense cost sublimits are available for some insureds, based on BIPA application responses and employee location.

DEI LEGAL REINTERPRETATION

New executive orders regarding diversity, equity, and inclusion initiatives that previously prevented discrimination in the workplace may be interpreted as a violation of anti-discrimination laws, which could impact private and public businesses.

EMPLOYMENT CLAIMS TRENDS

Allegations of discrimination, wrongful termination, and wage and hour issues continue to be leading causes of loss for insurers.

JURISDICTIONAL UNDERWRITING FOCUS

Underwriters are focusing on “problem” jurisdictions (e.g., California, New York City, New Jersey, Illinois, Texas, Florida) and incorporating higher retention rates in jurisdictions with onerous employment legislation, especially in California.

PAY TRANSPARENCY MONITORING

Underwriters are monitoring pay transparency laws in some jurisdictions, which require employers to disclose compensation information and salary data.



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After new entrants to the fiduciary liability marketplace created competition, driving down pricing, many traditional directors and officers liability insurance markets have reevaluated their stance on the coverage and are actively seeking to write it. Most insureds are enjoying flat renewals and, in some cases, are receiving deductible reductions. Overall, the fiduciary liability marketplace has stabilized, with more carriers seeking primary positions, while the competition for the excess layers has increased.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Sufficient



EXPECTED RENEWAL RATES
Flat

TOP TRENDS, ISSUES AND CONSIDERATIONS

EXCESS FEE LITIGATION

Excess fee litigation remains the biggest concern for carriers and underwriters. In 2024, 65 excessive fee class actions were filed, an increase over 2023 when 48 cases were filed. However, this is still significantly less than 2022, which saw 89 cases filed.

CONTINUED UNDERWRITING SCRUTINY

Additional health and welfare excessive fee litigation makes having a strong risk management program even more important to insurance companies. Carriers now expect documented plans that address the following: fund plan fees, record-keeping fees, vendor fees, plan performance versus their peers, and significant benchmarking data. They also regularly request a proposal marketing plan in place for all third-party professional services.

LARGE VERDICTS & POTENTIAL MARKETPLACE IMPACT

While the fiduciary liability marketplace has finally stabilized, new litigation tactics coupled with changes in the regulatory environment could create large verdicts. These could cause the marketplace to revert to its prior condition: rate increases, carrier pullback on limits, deductible increases, and fewer carriers willing to offer the coverage.

LITIGATION TRENDS TO MONITOR FOR 2025

Key areas to watch include environmental, social, and governance investing; cyber audit litigation; plan forfeiture litigation; outdated mortality table litigation; and tobacco/nicotine benefit plan coverage surcharge litigation.



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The representations and warranties insurance (RWI) market remains competitive despite macroeconomic headwinds. Deal volume is down, but valuations are rising due to demand for high-quality assets. Pricing and coverage are stable, backed by insurer competition. RWI adoption is strong in mid-cap deals (\$100M-\$1B), nearing 90%. Smaller deals (\$10M-\$100M) show variability but are growing, especially with private equity buyers. RWI is gaining traction in commercial real estate, especially equity-level acquisitions, offering broader protection than traditional indemnities.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant

TOP TRENDS, ISSUES AND CONSIDERATIONS

BUYER-FRIENDLY MARKET CONDITIONS PERSIST

The RWI market remains favorable to buyers. Competitive dynamics, including increased capacity and the entrance of new carriers, have largely kept rate escalation in check. Rates on line continue to range between 2.7% and 3%, while retention structures remain stable. Initial retentions typically fall between 0.5% and 0.75% of enterprise value, depending on deal size, reflecting insurers' continued appetite for deploying capital in a competitive environment.

EXPANSION INTO SMALLER & LOWER MIDDLE MARKET DEALS

RWI is increasingly viable for transactions under \$50 million. Lower minimum premiums and retentions have made the product more accessible to lower middle market buyers, particularly in private equity-backed deals.

GROWING USE IN COMMERCIAL REAL ESTATE TRANSACTIONS

RWI is gaining traction in commercial real estate acquisitions, particularly platform deals involving entities that hold real estate assets. These transactions often

mirror corporate M&A structures and benefit from RWI's extended survival periods and broader coverage, offering a compelling alternative to traditional real estate indemnities.

UNDERWRITING SCRUTINY & CLAIMS EXPERIENCE

As deal activity rebounds, insurers are expected to tighten underwriting standards and increase scrutiny of due diligence scope and quality. Recent claims trends have prompted several carriers to reassess pricing discipline and retention structures, signaling a shift toward more selective risk assessment and portfolio management.

STRATEGIC USE TO RESOLVE NEGOTIATION IMPASSES

RWI continues to serve as a strategic solution for resolving indemnity-related negotiation challenges. It facilitates clean exits for sellers while providing buyers with comprehensive post-closing protection. This utility is particularly effective in competitive auction processes and private equity-backed transactions, where deal certainty and speed are paramount.

Marine Cargo

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The ocean marine cargo market is stable, with abundant capacity and flat to single-digit renewal rates. While pricing remains disciplined, underwriting is increasingly data-driven, and insurers are focused on valuation accuracy and risk engineering to manage inflationary pressures and emerging risks.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
Flat to 9% increase

TOP TRENDS, ISSUES AND CONSIDERATIONS

GEOPOLITICAL RISK & WAR PREMIUMS

Conflicts in the Red Sea, Persian Gulf, and Black Sea are driving elevated war risk premiums and stricter underwriting. Insurers are enforcing route-specific warranties and enhanced due diligence.

TARIFFS & TRADE POLICY SHIFTS

Tariffs are inflating cargo values and altering shipping behaviors. Stockpiling, rerouting, and abandonment risks are rising, while insurers reevaluate coverage structures to account for duties and origin fraud.

CYBER RISK IN PORTS & TERMINALS

Cyber remains under-purchased despite growing exposure. Ports face increasing threats from ransomware and phishing, prompting insurers to recommend standalone cyber coverage and stronger controls.

RENEWAL DATA EXPECTATIONS

Insurers require detailed asset schedules, updated valuations, and recent risk engineering surveys. Flat asset values are being challenged, and clients must justify replacement costs to avoid coverage gaps.



Property

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Rates are softening across much of the property insurance market, especially for clean risks and layered programs. Increased competition and abundant capacity are driving pricing relief, with some accounts seeing double-digit reductions. Reinsurance renewals have been favorable, enabling broader coverage and more flexible terms. While underwriting remains cautious, buyers with strong data and proactive risk management are securing better deals. Inflation pressures have eased, though tariffs are nudging up replacement costs. Overall, the market is more buyer-friendly than it's been in years, with pricing relief leading the way.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Abundant



EXPECTED RENEWAL RATES
-5% to -15% decrease

TOP TRENDS, ISSUES AND CONSIDERATIONS

MARKET SOFTENING—BUT UNEVENLY

After several years of hard market conditions, rate relief is emerging, especially for large commercial risks and shared/layered programs. However, the market remains bifurcated: clean accounts are seeing double-digit rate reductions, while distressed risks still face scrutiny.

REINSURANCE STABILITY FUELS COMPETITION

Ample reinsurance capacity and favorable January 1 renewals have enabled insurers to offer broader coverage and lower rates. This has led to aggressive growth targets and more favorable terms for buyers.

CLIMATE RISK & CATASTROPHE MODELING

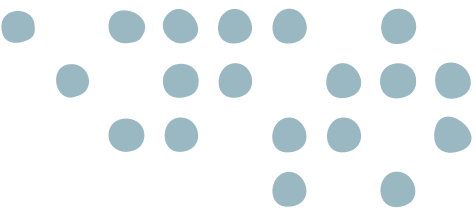
Despite manageable hurricane losses in 2024, the 2025 season was forecast to be above average, with increased risk for Florida and the Gulf Coast. There are still a few months left in this hurricane season. Wildfires, convective storms, and secondary perils are driving refinements in underwriting models and risk selection.

TECH-DRIVEN UNDERWRITING & CLAIMS

Insurers are using artificial intelligence, Internet of Things, and satellite imagery to improve risk assessment and streamline claims. This is reshaping how underwriters evaluate exposures and how buyers interact with carriers.

STRATEGIC CONSIDERATIONS FOR BUYERS

Insureds should consider optimizing their program structure. Those with layered insurance programs are currently securing the most competitive pricing. Those with a single-carrier setup may want to explore alternative options to ensure they get the best value. It's also important to review replacement cost valuations. Insurers are increasingly scrutinizing these figures. Outdated or inaccurate values can result in coverage gaps or pricing penalties. Lastly, insureds should reassess their retention levels. Many insureds have kept the same deductible for years, but shifts in dollar valuation mean they may now be retaining less risk. A true-up or risk analysis can help ensure alignment with current financial conditions.



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The 2025 surety market shows stability and moderate growth, driven by infrastructure investment and expanding demand. Public construction remains resilient, but tariffs, labor shortages, cost overruns, and financial strain pose challenges. Surety remains vital to construction and is expanding into tech, logistics, and environmental sectors, reflecting broader economic shifts.

DASHBOARD



MARKET HARDNESS
Stable



MARKET CAPACITY
Sufficient

TOP TRENDS, ISSUES AND CONSIDERATIONS

KEY MARKET DRIVERS

The Infrastructure Investment and Jobs Act continues to fuel government-funded projects, providing a stable foundation for surety growth. The U.S. Small Business Administration’s Surety Bond Guarantee Program is enabling more small and midsize enterprises to participate in larger projects. Technological advancements, such as digital platforms, improved underwriting tools, and fraud detection technologies, are enhancing efficiency and risk management.

CHALLENGES & CONSIDERATIONS

Volatile material pricing is impacting project budgets and increasing demand for supply and payment bonds. Skilled labor remains scarce, affecting project timelines and costs. Elevated interest rates are influencing project financing and overall business expenses. Potential changes in tariffs, trade agreements, and immigration policies could reshape supply chains and labor availability. Initiatives like the Department of Government Efficiency may streamline procurement and accelerate project approvals.

UNDERWRITING & CAPACITY TRENDS

The market remains competitive, with strong capacity for well-qualified contractors. Reinsurance capacity is adequate but tightening slightly at higher attachment points, as reinsurers manage exposure to large losses. New capital continues to flow into the market, attracted by low loss ratios and consistent financial performance.

SECTOR DEMAND OUTLOOK

Demand is strongest in data centers, water/sewer, power, transportation, healthcare, manufacturing, and bridge/highway projects. Demand is weakest in the private office and retail sectors.

Solutions Defined by Needs

Individuals and businesses trust Hylant to help them protect what matters. And as your needs evolve, we work to ensure we have appropriate solutions.



BUSINESS INSURANCE

The world is full of uncertainty. Hylant's business insurance and risk management experts customize plans to help safeguard your business.



EMPLOYEE BENEFITS

Hylant's employee benefits experts design and implement compliant benefits programs to fit your business's needs, culture and strategic plan.



CONSULTING

Hylant consulting services include international solutions, captive solutions, M&A and transaction solutions, alternative risk, and cyber solutions.



SMALL BUSINESS

While you focus on building your business, we help you protect it. We offer insurance programs sized for your company and workforce.



PERSONAL INSURANCE

Whether for your home, auto, recreational vehicles, or life and health, we have solutions to protect you from whatever life throws your way.



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