



2026 PROPERTY AND CASUALTY

Market Outlook

Published December 2025

Guidance for 2026



Welcome to Alera Group's Sixth Annual *Property and Casualty Market Outlook*

The year ahead will be a time for recalibration — for both the industry and insurance buyers. The insurance market is cyclical and currently in transition. Hard market conditions are easing, and there is softening in select lines of business. Here's what you need to know.

- **Conditions have improved for insurance buyers.** Increased competition and capacity are creating opportunities for premium savings and coverage improvements. Coverages that were unavailable are options again, but emerging risks are also creating new vulnerabilities that a savvy insurance buyer should address. Brokers must help clients balance these competing factors and provide options for the most efficient use of premium dollars.
- **Softening won't be across the board.** Some businesses will see flat or decreasing rates, while others will remain in a persistent hard market due to their risk exposures. Businesses that experienced stability during the hard market are less likely to benefit from improved market conditions. If a business's rates didn't rise significantly during the hard market, they are unlikely to be significantly reduced now. Industry sector, location and risk quality will be key determinants.
- **Risk quality is the differentiator.** Underwriters may show increased flexibility, but underwriting discipline will prevail. Underwriters will compete for "best in class" business.
- **Your broker matters.** Not every submission warrants a quote. AI-enabled submission triage helps underwriters quickly identify which accounts merit attention based on quality. Alera Group's reputation for complete submissions, clear illustration of a client's risk mitigation and national scale ensure that your business commands an underwriter's attention.

Your local Alera Group team, backed by our marketplace experts, looks forward to collaborating with you to present your organization's risks, leverage market conditions and deliver high-value solutions.

Warm regards,

JUSTIN FOA

EXECUTIVE VICE PRESIDENT
PROPERTY AND CASUALTY



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Overview

Market survey

A core part of the *Market Outlook* is the survey of our insurance company partners and wholesale intermediaries. In the third quarter of 2025, we asked them to assess how they see conditions in the year ahead based on four factors: rates, availability of coverage, capacity and underwriting scrutiny.

Rates are easing

Overall rates are moderating, with average rate decreases in Commercial Property, (including Business Interruption), Directors and Officers Liability, personal insurance and Workers' Compensation. Lines of business where rates

are still projected to rise are showing smaller average increases below 11%, with all but Commercial Auto in the single digits.

The rates shown in the accompanying chart are projected averages. It's important to note that rate increases or decreases will vary depending on the client's situation. Factors that will influence pricing are:

- Industry sector
- Risk quality
- Loss history
- Proximity to catastrophe-prone areas
- Regulatory and legal environment in which the business operates
- Historical rates vs. market on an individual account.

Rates

2026 Rate change projections by line of business

| | | | |
|---|---------------------------|---------------------------------------|---------------------------|
| Commercial Auto | +5% to 15% AVG: 10.6% | General Liability | 0% to 15% AVG: 6.7% |
| Commercial Property, including Business Interruption | -20% to 5% AVG: -4.6% | Medical Professional Liability | +5% to 20% AVG: 10% |
| Cyber Liability | -15% to 10% AVG: -1.4% | Personal Lines/Private Risk | -3% to 10% AVG: 5.0% |
| Directors and Officers (D&O) Liability — Private | -10% to 5% AVG: -3.8% | Professional Liability | Flat AVG: 0.1% |
| D&O Liability — Public | -20% to 0% AVG: -11.7% | Surety Bonds | +4% to 6% AVG: 5.0% |
| Employment Practices Liability | 0% to 5% AVG: 2.0% | Umbrella/Excess Liability | 0% to 15% AVG: 7.0% |
| Environmental Liability | -5% to 10% AVG: 2.5% | Workers' Compensation | -20% to 10% AVG: -5.6% |

Source: Alera Group Market Survey

Coverage availability is improving

There's a notable increase in the percentage of respondents forecasting broader availability of coverage in every line except Cyber Liability and Professional Liability. Personal lines/private risk shows strong improvement, with 27% of respondents seeing broader availability compared to 0% in 2025. While the majority of respondents expect availability for Medical Professional Liability and Umbrella/Excess to remain the same, more than one-third forecast more limited availability.

Availability

Respondents' view of coverage availability in 2026 compared to 2025

| | SAME | BROADER | MORE LIMITED |
|--|------|---------|--------------|
| Commercial Auto | 80% | 20% | 0% |
| Commercial Property, including Business Interruption | 57% | 43% | 0% |
| Cyber Liability | 73% | 18% | 9% |
| D&O Liability — Private | 67% | 33% | 0% |
| D&O Liability — Public | 33% | 67% | 0% |
| Employment Practices Liability | 78% | 22% | 0% |
| Environmental Liability | 75% | 25% | 0% |
| General Liability | 64% | 18% | 18% |
| Medical Professional Liability | 67% | 0% | 33% |
| Personal Lines/Private Risk | 64% | 27% | 9% |
| Professional Liability | 100% | 0% | 0% |
| Surety Bonds | 67% | 33% | 0% |
| Umbrella/Excess Liability | 53% | 7% | 40% |
| Workers' Compensation | 77% | 23% | 0% |

Percentages may not total 100% due to rounding.

Source: Alera Group Market Survey

KEY:

● More than 15%

● More than 15%

Capacity is expanding

Capacity refers to the largest amount of insurance available from a company or the market in general. The two most noteworthy capacity gains are in Commercial Property Insurance and personal lines/private risk. Fifty-three percent of respondents predict increased Property Insurance capacity in 2026 compared to 6% in 2025, and 64% anticipate more capacity in personal lines/private risk compared to 9% in 2025. Underwriting requirements will be more flexible in some lines of business and stricter in others.

Capacity

Respondents' view of 2026 capacity compared to 2025

| | SAME | INCREASING | DECREASING |
|--|------|------------|------------|
| Commercial Auto | 50% | 29% | 21% |
| Commercial Property, including Business Interruption | 47% | 53% | 0% |
| Cyber Liability | 73% | 27% | 0% |
| D&O Liability — Private | 50% | 50% | 0% |
| D&O Liability — Public | 33% | 67% | 0% |
| Employment Practices Liability | 78% | 22% | 0% |
| Environmental Liability | 50% | 25% | 25% |
| General Liability | 64% | 27% | 9% |
| Medical Professional Liability | 67% | 17% | 17% |
| Personal Lines/Private Risk | 18% | 64% | 18% |
| Professional Liability | 86% | 14% | 0% |
| Surety Bonds | 67% | 33% | 0% |
| Umbrella/Excess Liability | 43% | 21% | 36% |
| Workers' Compensation | 54% | 38% | 8% |

Percentages may not total 100% due to rounding.

Source: Alera Group Market Survey

KEY:

● More than 15%

● More than 15%

Underwriters will continue to be selective in the accounts they write

Survey results also indicate increased underwriting flexibility in Commercial Property, private and public Directors and Officers Liability, Personal lines/private risk, Surety and Workers' Compensation. Expect some tightening of underwriting standards for casualty lines including Commercial Auto, General Liability, Medical Professional Liability (also known as Medical Malpractice) and Umbrella/Excess Liability.

Underwriting Scrutiny

Underwriting requirements in 2026 compared to 2025

| | SAME | MORE FLEXIBLE | STRICTER % |
|--|------|---------------|------------|
| Commercial Auto | 57% | 14% | 29% |
| Commercial Property, including Business Interruption | 60% | 40% | 0% |
| Cyber Liability | 73% | 18% | 9% |
| D&O Liability — Private | 67% | 33% | 0% |
| D&O Liability — Public | 33% | 67% | 0% |
| Employment Practices Liability | 89% | 11% | 0% |
| Environmental Liability | 50% | 25% | 25% |
| General Liability | 55% | 9% | 36% |
| Medical Professional Liability | 67% | 0% | 33% |
| Personal Lines | 45% | 45% | 9% |
| Professional Liability | 100% | 0% | 0% |
| Surety Bonds | 67% | 33% | 0% |
| Umbrella/Excess Liability | 46% | 7% | 46% |
| Workers' Compensation | 62% | 38% | 0% |

Percentages may not total 100% due to rounding.

Source: Alera Group Market Survey

KEY:

● More than 15%

● More than 15%



Factors driving the current market

Improved insurer performance

Healthy premium growth, rate adequacy, better underlying underwriting results and rising investment income have led to improved profitability for insurers. The U.S. property and casualty industry posted a 2024 combined ratio of 97%, the industry's best underwriting result in a decade.

According to a report by Verisk and the American Property Casualty Insurance Association (APCIA), the net underwriting gain in the first half of 2025 was \$11.5 billion, which is nearly three times the gain reported for the same period the previous year. Bolstered by improved earnings and confidence in their rate adequacy, insurers are expected to moderate pricing and offer more flexible terms as they compete for market share in the year ahead.

Influx of capital

According to *Risk & Insurance*, the U.S. property and casualty industry's capital position improved substantially in 2024, with policyholders' surplus increasing to over \$1.1 trillion. This growth was supported by strong net income and contributed capital, totaling \$174.1 billion and providing ample

margins to absorb unanticipated losses. Swiss Re's 2026 outlook projects a stable 10% return on equity. The industry's financial health is attracting fresh capital back into the sector. The influx of capital marks a shift in market dynamics after a period in which carriers were more cautious or altogether exited certain business segments.

Better risk assessment and pricing tools

Advanced analytical modeling and data analytics are enabling insurers to select and price risks with greater accuracy. Insurers now use drones and satellite imagery to conduct remote, real-time property inspections. Geospatial data is being used to develop highly localized models for natural disaster risks (like wildfires or floods), enabling better preparation and risk mitigation. Insurers use "big data" to better understand customer behavior and claims, and to create personalized and flexible products and pricing tailored to insureds' actual risk rather than generic "one size fits all" solutions.

The average annual cost of disasters has more than quadrupled.

Favorable reinsurance market

Conditions are stable, and capacity is plentiful — from both rated and alternative sources. Conditions are easing slightly in catastrophe-prone areas. Underwriters will likely remain disciplined and selective, but the pace of firming is slowing, and power is shifting back to the buyer.

A challenging legal and regulatory landscape

Not all segments are softening. Conditions will likely remain firm for specific lines of business (e.g., Commercial Auto, Umbrella/Excess) and industry sectors (e.g., social services agencies and habitational real estate) that are especially vulnerable to social inflation — defined as the increase in insurance claim costs driven by social and legal factors beyond general economic inflation. Key drivers include larger jury verdicts (“nuclear verdicts”), aggressive plaintiff litigation and public sentiment shifts favoring corporate accountability.

Insurers face growing regulatory obstacles, including requirements to cover high-risk events, restrictions on insurers’ ability to cancel or non-renew policies in high-risk zones they haven’t priced for, and retroactive mandating of coverage for events specifically excluded in the policy. Regulators are increasingly requiring that insurers include climate change risks in their financial planning and disclosures.

Alternative approaches

In areas where carriers are restricting or cutting back on capacity, alternative solutions such as Captives, structured programs and quota-share arrangements will fill the gap for increasing numbers of middle-market buyers.

Growing risk of natural disasters

The average number of billion-dollar disasters per year has increased dramatically, from about three per year in the 1980s to 23 per year between 2020 and 2023 and 27 in 2024. As more people and infrastructure are moving into areas prone to natural disasters, the cost of disasters is increasing. The average annual cost of disasters has more than quadrupled, from \$22 billion in the 1980s to \$149 billion in the 2020-2024 period. Natural disasters are the single biggest risk to insurer profitability. While there is a slight easing of conditions in some natural disaster-prone areas due to increased capacity, insurers will be cautious, and market conditions will remain firm.

Strategies in navigating the market

Changing property and casualty market conditions are creating new opportunities for buyers. After years of aggressive rate increases, carriers are offering better terms for preferred risks. Coverages that were previously unavailable or unaffordable may be viable options.



Assess your position.

Risk and the options for addressing it are quickly evolving. Now is a critical time to evaluate how your exposures are evolving and what your choices are for protection.

Know and manage your risk profile.

As insurance becomes more data-driven, your organization's risk profile will play a crucial role in underwriting decisions. While some factors in your risk profile can't be altered, there are many elements you can control, including financial operations, contractual agreements, technology and security, employee conduct, supply chain management, and policies and procedures for mitigating risks. Work with your broker to quantify and strengthen your risk profile.

Consider different program structures.

Easing market conditions may create opportunities to trade multiple smaller expensive layers for more substantial placements. Captives can give organizations greater control, flexibility and cost efficiency in managing their risk portfolios in areas where capacity is constrained or too expensive. Parametrics can fill coverage gaps left by traditional policies and streamline claims processing. Multi-year agreements can reduce pricing uncertainty.

Take a proactive role in your renewal.

Be aware of renewal timelines, and start planning with your broker early. Delaying until the 11th hour will limit your options and potentially compromise the quality of your submission. Review the actual submission, and validate that it communicates your organization's strengths, vision for the future, the quality of the management team and commitment to managing risk.

Clean up open claims.

Take any steps you can to improve your loss history. Well in advance of your renewal, verify that reserves are not overstated and that inactive claims are closed.

Don't assume.

Even if you're renewing an existing policy with your current carrier, the odds are that there will be changes in policy terms. Comparing policies is not easy. Work closely with your broker to identify differences in policy wording, sublimits and exclusions. Also, avoid uninsured losses, potential legal disputes and breaches of contract by ensuring your business contracts align with your insurance coverage and risk-control strategies.





The background of the entire page is a close-up photograph of a wood grain. The lines of the wood run diagonally from the top-left towards the bottom-right. The color palette is warm, ranging from light tan and yellowish-brown at the top to deep, dark brown and blackish tones at the bottom. The texture is highly detailed, showing the natural grain patterns and some minor imperfections of the wood.

Outlook by Line of Business

Commercial Auto

The market will face yet another year affected by three cost-driving categories. Rising vehicle operating costs punctuated by qualified-driver shortages and rising repair costs is one. Increased claim severity due to skyrocketing jury verdicts and greater claims frequency caused by inexperienced, unlicensed and uninsured drivers is another. Add in the impact of increased catastrophe events, such as flooding and hail, which have the ability to destroy thousands of vehicles at once. This has resulted in insurers exceeding a 100% combined loss and expenses ratio for the past 14 years.

TRENDS

| | |
|-----------------------|---|
| Rates |  |
| Availability |  |
| Capacity |  |
| Underwriting Scrutiny |  |

KEY:

- Stable
Rates within 5% of expiring, and similar terms and conditions to 2025.
- Soft/Softening
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Rates are expected to increase by an average of 10.6%. Depending on loss history, maintenance programs and driver selection policies, rate increases in the standard market will be 5% to 15% for the best accounts and 10% to 20% for average accounts. For those that fall short of insurers' underwriting requirements, the distressed market will command at least an additional 20%.

Availability will remain challenging, even for average or better performing accounts. Accounts should be presented in the most favorable way possible, including explanations of how significant losses will not repeat themselves, and descriptions of safety, driver and maintenance programs. Also, combining other profitable lines of business with a Commercial Auto submission can help. Distressed classes consist of the heavier Commercial Auto exposures, such as auto dealerships, long-haul or crude oil fleets, and truckers for hire.





Capacity will remain generally stable with an increased reliance on the nonstandard market. Standard market underwriters will be reluctant to increase limits above \$1 million, leaving nonstandard markets to fill needed excess limits and provide primary limits for accounts with less favorable loss experience and/or risk management controls.

Underwriting scrutiny will be stringent. In addition to loss history and client financial condition, underwriters will place greater emphasis on requirements for safety programs, driver history, qualifications and training, maintenance and inspection programs, use of telematics and dash cameras, operating radius, annual MVRS for all drivers, SAFER reports for heavy vehicle fleets and adherence to DOT regulations.

Commercial Property

The market is easing and showing signs of softening due to increased capacity and competition.

TRENDS

| | |
|-----------------------|--|
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Source: Alera Group 2026 Market Outlook Survey

Rates will be stable. Most buyers will see rate stability, with flat renewals or modest decreases or increases in the -5% to +5% range. Accounts viewed as highly desirable by insurers could see rate reductions as much as 20%. Challenging accounts such as frame construction buildings or properties in catastrophe-prone areas (CAT) could see up to 20% increases.

Availability will be considerably improved as carriers return and the London market expands its participation. Note that for catastrophe-heavy accounts, insurers may still require higher wind, hail, storm and fire deductibles. Accounts with unfavorable loss experience, wood-frame habitational risks, multi-family capacity, manufacturers lacking adequate risk control, wildfire and CAT-driven risks will be difficult to place.

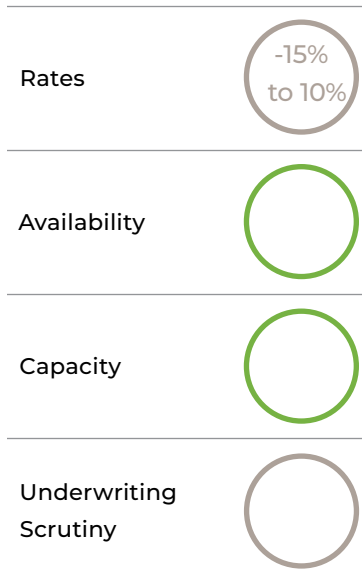
Capacity will meet the needs of most buyers. With the notable exception of wildfire-prone areas and tough classes like wood products, clients will be able to purchase the limits they need. Following several years of capacity constraints, the market will be fueled by a more stable reinsurance market, renewed interest from domestic markets and the expansion of London-market capacity within the USA.

Underwriting scrutiny will remain stable, with continued focus on quality standards. The underwriting community emphasized the need to insure to realistic values for the past three years. Having achieved significant success, underwriters will continue efforts to achieve and maintain insurance to value. Complete submissions, data accuracy and focus on risk engineering will be required for new and renewal accounts.

Cyber Liability

Market conditions will remain favorable as insurers seek growth through account retention and new accounts, despite a rising focus on threats tied to AI.

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Source: Alera Group 2026 Market Outlook Survey

Pricing will vary widely within a range of -15 to +10%, depending on risk profile. Expect average rate decreases of 1.4%. Strong competition and improved cybersecurity controls among insureds will encourage the market to suppress rate increases.

Availability will improve as new companies offer significant excess capacity and established markets strive to retain accounts and grow market share. Key drivers will be the degree to which insureds embrace multi-factor authentication (MFA), endpoint security and protection (EDR), and incident response controls, without which coverage sublimits may be required or exclusions added. Hard-to-place classes will include healthcare, financial institutions, technology companies and businesses lacking MFA/EDR controls.

Capacity will be widely available to meet both primary and excess limits requirements. New market entrants are adding to current capacity and providing adequate limits for most insureds. Carriers previously limiting coverage to \$1 million to \$2 million will be more likely to offer \$10 million to \$15 million limits in 2026. Multiple layers from separate insurers may be needed to meet high excess limits requirements.

Underwriting scrutiny will continue to be disciplined. In addition to completed applications for new accounts and detailed updates for renewals, proof of controls like MFA/EDR, privileged access management, tested incident response plans and compliance measures will be required.

Directors and Officers Liability

The D&O market will remain competitive throughout 2026. Buyers for private and public companies can expect stable pricing and capacity conditions. Cybersecurity risk controls of public companies will be a major underwriting concern.

TRENDS

| | |
|-----------------------|--|
| Rates | |
| Availability | |
| Capacity | |
| Underwriting Scrutiny | |

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Source: Alera Group 2026 Market Outlook Survey

Private Companies

Pricing will be favorable for buyers in both the primary and excess layers. Renewal rates will range from -3% to 5% for claim-free accounts with strong financials as insurers focus on retaining existing accounts and competitively pricing new ones.





Availability will remain stable as markets work to hold market share. Mature businesses with good financials will have no difficulty securing desired coverages and limits. Startup companies or those with weak financials will likely have to rely on nonstandard markets. Classes of business that will be harder to place include cannabis, bankruptcy reorganizations and special acquisition companies (SPACS).

Capacity will be broadly available through standard and nonstandard markets. Organizations with favorable loss histories and firm financial footing will have no trouble placing needed primary and excess limits. Depending on the limits required, multiple carriers may be needed for layers above \$5 million.

Underwriting scrutiny will continue for new and renewal business. Insurers will look for strong management controls, favorable loss history and the financial condition of insureds.

Mature businesses with good financials will have no difficulty. Startup companies or those with weak financials will likely have to rely on nonstandard markets.

TRENDS

| | |
|-----------------------|---|
| Rates |  |
| Availability |  |
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Source: Alera Group 2026 Market Outlook Survey

Public Companies

On average, rates will remain favorable for buyers in both the primary and excess layers. Average rates will likely be 11.7% lower than expiring and up to 20% lower for risks with strong financials and favorable loss histories.

Availability will increase as markets compete for new risks and retention of existing accounts. As competitors vie for greater market share, they add coverage enhancements as competitive advantages, such as Crisis Management extensions, Cyber Liability, Fiduciary Liability, Side A coverage limits dedicated to protecting officers and directors, extended reporting periods or modified policy language reflecting specific needs. Difficult accounts to place include non-U.S. parent companies with U.S. operations, risks that are struggling financially, those in the healthcare, cannabis, biotech and pharma sectors, and risks with high concentrations of employees in litigious states.

Capacity will be readily available for both the primary and excess layers. Standard and specialty markets will be eager to allocate the necessary capacity to meet buyers’ needs for limits, either entirely or in participating layers.

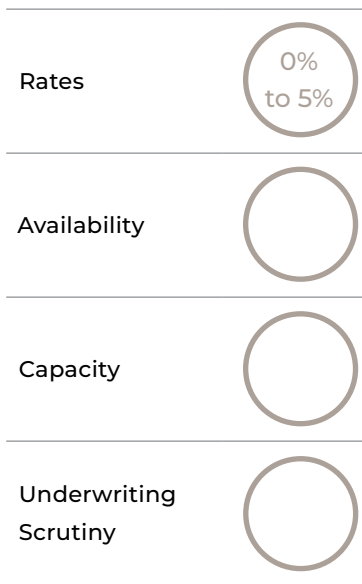
Underwriting will be more accommodating as markets step up efforts to retain existing accounts. Competitive pressures will deter markets from imposing more detailed underwriting requirements, except for those with unfavorable loss history. Insurers continue to emphasize strong management controls, favorable loss history and the insureds’ financial condition.

Average rates will likely be 11.7% lower than expiring, and up to 20% lower for risks with strong financials and favorable loss histories.

Employment Practices Liability

Driven by higher risk awareness, new regulations and prescriptive labor laws, and supported by a stable market and ample capacity, Employee Practices Liability Insurance (EPLI) availability is projected to continue expanding.

TRENDS



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Source: Alera Group 2026 Market Outlook Survey

Rate increases will average a modest 2.0% over expiring, within a range of 0% to 5%, depending upon jurisdiction and account loss experience. Driven by the pro-plaintiff legal environment in some high-risk states like California, Florida, New Jersey and New York, rates will likely be higher and have coverage limitations in those jurisdictions.

Availability will remain favorable for most risks and classes. Although markets will remain stable, some will introduce clarifying exclusions related to the use of AI in employment decisions. Classes of business relying on seasonal workers or with high turnover rates — such as auto dealerships, healthcare, restaurants, non-technical manufacturing, retail and hotels — will be hard to place. Some markets will seek separate retentions for class-action suits or coverage in high-risk states.

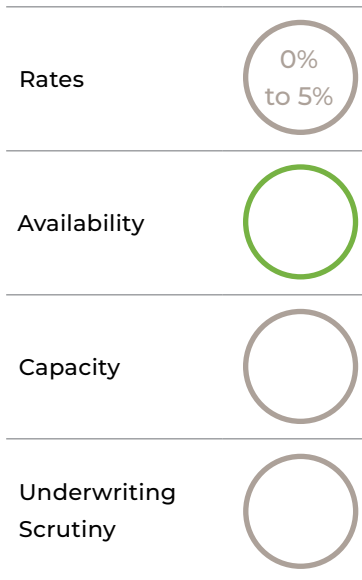
Capacity will be available to satisfy most buyers' needs. Standard markets will provide primary limits and excess coverage up to \$10 million for accounts with no prior losses and a favorable risk profile. Specialty markets will offer higher limits and coverage for those that do not qualify in the standard market or are located in high-risk states.

Underwriting scrutiny will remain disciplined. Expect significant inquiry into current employment practices, particularly for sizeable risks. Underwriters will require updated applications and documentation to evaluate formal policies and procedures, particularly for those related to human resources.

Environmental Liability

The market is forecast to remain competitive and will provide adequate capacity, coverage and rating stability.

TRENDS



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Source: Alera Group 2026 Market Outlook Survey

Rates for most businesses will be stable. Accounts meeting underwriting requirements and having minimal PFAS exposures can expect 0% to 5% renewal rate increases. Higher hazard classes such as chemical, habitational, hospitality, and oil and gas risks can expect increases to about 10%.

Availability will improve as more underwriters are entering this market. Due to increased insurer interest, most accounts will have no difficulty finding adequate coverage. Competition will fuel continued expansion of Contractors Pollution Liability to include Professional Liability, and comprehensive package policies combining Contractors Pollution Liability with Pollution Legal Liability in their General Liability covers. Any expansion of coverages is unlikely to include PFAS exposures.

Capacity will remain stable for primary layers while providing modest relief for excess layers. New markets will provide sufficient capacity to meet most buyers' demand for Excess Liability limits, enabling the addition of multiple \$5 million layers of protection for preferred accounts.

Underwriting scrutiny will ease for many classes of business. Continuing exceptions will include hotels, railroads, and the oil and gas industries, where underwriters will require updated renewal information and complete applications for new accounts, along with risk-analysis inspections.

General Liability

Following several years of double-digit price increases, limited capacity and reduced terms, the market is forecast to offer a more stable environment in 2026, providing adequate capacity and coverage for most segments and classes throughout the United States.

TRENDS

| | |
|-----------------------|--|
| Rates | |
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Source: Alera Group 2026 Market Outlook Survey

Rates for most businesses will increase in the single-digit range.

Renewal accounts meeting underwriting requirements and without PFAS exposure will likely renew with 5% to 10% increases. Higher hazard classes, such as chemical, construction, habitational, hospitality, and oil and gas risks, will continue to face renewal increases in the 10% to 15% range for accounts meeting underwriting requirements.

Availability will be stable. New entrants are not anticipated, and markets will maintain existing capacity commitments for well-performing accounts. Defending themselves against higher claims costs due to inflation, higher wages and nuclear court verdicts, underwriters remain cautious and unwilling to chase market share.





Capacity will respond to most buyers' needs within the primary layer. As underwriters continue to be challenged by high jury awards, excess coverage may require multiple layers, with carriers offering lower limits. Manufacturing accounts and others with sensitive liability exposures — such as day care centers, sporting events and other public-facing businesses commonly targeted by litigation — will be more difficult to place at existing renewal terms and rates.

Underwriting scrutiny will be stable. Carriers will continue to require complete and thorough submissions to offer reduced pricing and improved terms. High-hazard accounts, particularly manufacturing, will require risk analysis and inspections.

Medical Professional Liability

Market conditions will reflect hardening of rates for this line of business, also known as Medical Malpractice Insurance, but coverages, capacity and availability remain stable for most classes and jurisdictions. Georgia and Oklahoma join New Mexico, New York and Pennsylvania as states experiencing negatively trending judicial environments.

TRENDS

| | |
|-----------------------|---|
| Rates |  |
| Availability |  |
| Capacity |  |
| Underwriting Scrutiny |  |

Rates are anticipated to increase an average of 7%, with physicians and surgeons at 5% to 10% and hospitals 5% to 15%.

While claim frequency is forecast to remain stable, loss costs will continue to escalate due to social inflation, increased litigation, litigation funding and dramatic increases in the number of verdicts of more than \$10 million.

Availability will remain stable. Well-capitalized carriers will seek to retain existing accounts and increase market share where pricing can support rising claims costs. Difficult risks to place include correctional facilities, inpatient behavioral health providers, radiology and nursing homes. Exclusions or limitations on sexual abuse and molestation coverage will be the norm.

Capacity requirements will be easily met for physicians and surgeons, but additional effort will be required to fill excess limits for hospitals. Most insurers will limit their capacity to \$5 million, requiring multiple insurers to satisfy excess-limits requirements above \$10 million for Hospital Professional Liability.

KEY:

- **Stable**
Rates within 5% of expiring, and similar terms and conditions to 2025.
- **Soft/Softening**
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- **Hard/Hardening**
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

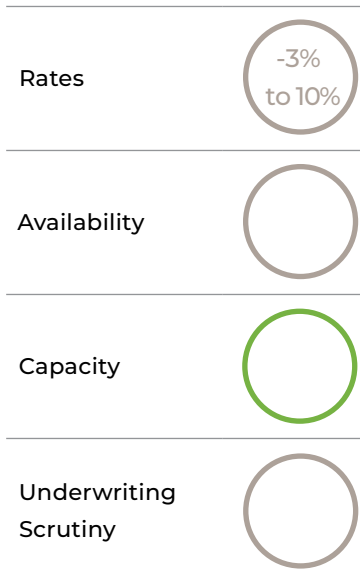
Source: Alera Group 2026 Market Outlook Survey

Underwriting scrutiny will remain stable. Underwriters will target risks that meet loss history requirements; maintain risk-mitigation procedures, including adherence to established telemedicine policies; and require adequate protection against cyberattacks.

Personal Lines/Private Risk

Conditions are improving. There is increased capacity and availability, and rate increases are moderating. This softening will not be across the board. Line of business, jurisdiction and catastrophe exposure will determine conditions.

TRENDS



KEY:

- Stable
Rates within 5% of expiring, and similar terms and conditions to 2025.
- Soft/Softening
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Rates are forecast to increase an average of 5%, with a potential range of -3% to 10%. The nationwide average for Auto will be 4% due to repair costs, inflation and litigation. Some states, such as Florida, will see rate decreases due to legislative reform. Homeowners rates are expected to rise an average of 7%. The good news is that some carriers are beginning to re-enter markets they exited several years ago. Increasing competition will help suppress rate increases for buyers with favorable risk profiles. The exception will be property located in high-risk storm and wildfire areas, where deductibles will increase and rates will continue to escalate 50% to 100% — if coverage is available at all.

Homeowners and Auto availability will be stable for most buyers. Carriers will place greater emphasis on roof age and condition, and may provide actual cash value coverage rather than replacement value. Higher-value homes will likely need “smart home” features such as leak detectors, automatic water shut-off and sump-pump backup systems. Lower sublimits are likely to be required at renewal for certain optional coverages (e.g., water damage and sewer backup). Ample availability in Auto Insurance will drive competition for quality risks.

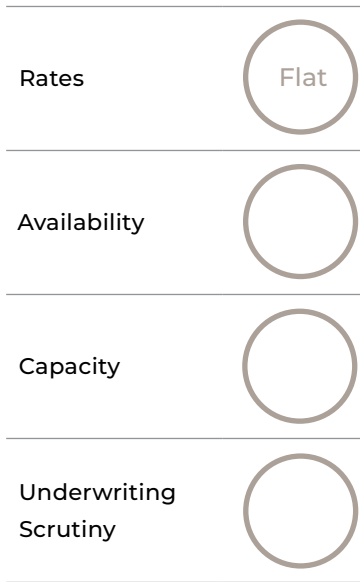
Capacity will increase for qualifying Homeowners risks and remain stable for Auto and most Personal Excess Liability policies, also known as Umbrella coverage. As a result of the industry’s successful efforts to increase Property Insurance to value, underwriters will be willing to expand their capacity to those properties not exposed to catastrophe risks. Properties in high-risk regions will be subject to non-renewal, higher deductibles and lower insured values. High-net-worth clients seeking excess limits above \$5 million may find it necessary to secure excess limits in the nonstandard market.

Underwriting scrutiny will remain stable. Carriers will continue to adhere to underwriting standards for safety and maintenance. They will impose greater risk-sharing by requiring higher deductibles; documentation of age and condition of the roof; and documentation of recent improvements such as the installation of mitigation devices including water sensors, alarm systems and hurricane shutters where appropriate. Excess Liability underwriters will want information on any exotic vehicles, watercraft, hobby airplanes, number of automobiles and homes, and short-term home rentals.

Professional Liability

The outlook for architects and engineers, lawyers and real estate professionals remains stable. Buyers with clean loss records and strong controls can expect more favorable terms, while complex risks will remain under tight scrutiny.

TRENDS



KEY:

- Stable
Rates within 5% of expiring, and similar terms and conditions to 2025.
- Soft/Softening
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Rates will not change for most professionals in most states.

Benefitting from several years of rate increases, existing pricing will absorb much of the impact from social inflation, exorbitant jury verdicts and third-party litigation funding. Most policies will renew at expiring rates for small to mid-size accounts with a favorable loss history and adherence to a strong risk management program. Sizable firms and firms associated with large or complex projects will experience flat to 5% increases for primary layers and increases up to 10% for higher layers.

Availability will be adequate for most but may depend on profession, litigation environment and excess limits requirements.

Significant changes in the participating market are not anticipated. The rise in AI use by professionals raises underwriting concerns about error attribution and negligence, and the overlap between Cyber and Errors and Omissions coverage is leading to tighter exclusions and stricter coverage wording. Professionals involved in major, complex construction projects or the healthcare industry may be required to access the wholesale market for some specialty coverage extensions.

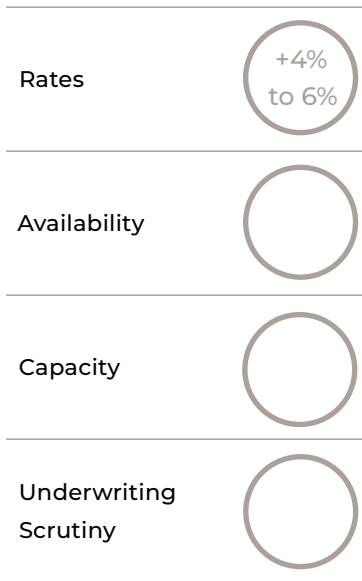
Capacity will remain widely available but will depend on the judicial environment, risk class, loss experience and limits. Standard markets will respond to primary limits and Umbrella limits up to \$5 million. Buyers can access higher limit layers through nonstandard markets. Risks located in states deemed to be highly litigious — such as Illinois, New York, Florida, Georgia and Oklahoma — will have greater difficulty obtaining coverage in the standard market.

Underwriting discipline will be prevalent. Underwriters will focus on controls that mitigate exposure to risk of electronic errors and cyber liability. For lawyers and real estate risks, the emphasis will be on property value misstatements and failure to disclose material information. Insurers will require complete applications, claim history and documented quality control processes.

Surety

Market conditions are forecast to remain competitive and will provide adequate capacity, coverages and pricing stability for qualifying accounts.

TRENDS



Rate increases for most businesses will range from 0% to 5%.

Offsetting significant losses in the solar sector and the cancellation of numerous environmental-related projects, excess capacity is holding pricing levels at or near flat.

Availability will be stable for those with favorable loss experience and good credit.

Exceptions will include businesses with somewhat less favorable experience and/or financial strength; those engaged in coal, capping or drilling with reclamation obligations; and solar and wind farms requiring efficiency guarantees. There will be fewer options for accessing nonstandard markets due to ongoing consolidation of longtime independent surety programs.

Capacity will remain stable for qualifying risks. Buyers will be able to purchase the limits they require if growth in their number of employees does not outpace their equity. Reinsurers absorbed significant losses in recent years, and as a result, primary carriers will require higher attachment points for some accounts and/or increases in Capital Retention Agreements to supplement and waive personal indemnity.

KEY:

- Stable
Rates within 5% of expiring, and similar terms and conditions to 2025.
- Soft/Softening
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Underwriting scrutiny will remain stable. Underwriters will continue to assess credit quality and principals' Workers' Compensation experience modification factor while requesting additional information to better understand risk. The industry will see an increase in longtime contractors aging out and selling to others, requiring underwriters to view them as new ventures until they have a proven track record.

Reinsurers absorbed significant losses in recent years, and as a result, primary carriers will require higher attachment points for some accounts and/or increases in Capital Retention Agreements to supplement and waive personal indemnity.

Umbrella and Excess Liability

Market conditions will remain hard or hardening, as underwriters reduce capacity and continue to increase pricing.

TRENDS

| | |
|-----------------------|--|
| Rates | |
| Availability | |
| Capacity | |
| Underwriting Scrutiny | |

KEY:

- Stable
Rates within 5% of expiring, and similar terms and conditions to 2025.
- Soft/Softening
Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Rate increases will average 7% but will vary widely depending on an underwriter’s risk evaluation. Driven by increased costs, social inflation and nuclear verdicts, higher-risk accounts such as transportation fleets and habitation can expect increases of 5% to 15%, while relatively low-hazard risks without residential exposure and with favorable loss ratios will renew at flat to +7%.

Availability will remain stable. Both standard and nonstandard markets will continue to offer at least first-layer excess limits, although some may apply exclusions and/or increased attachment points. Exclusions could include non-stacking of limits, no coverage for progressive or continuous exposures, or residential exposure limitations. Difficult-to-place risks will include transportation fleets and single-family, multi-family and tract home and condominium exposures.





Capacity will become more challenging to structure. Much of the market will require primary limits of \$5 million, with excess limits of \$5 million to \$15 million. Multiple carriers will be required to provide additional layers to fill higher limits. Some excess layers may require the insured’s quota-share participation.

Underwriting scrutiny will remain stable. There will be no change in requirements to provide complete applications, supported by documentation of safety programs, auto telematics, detailed current loss runs and explanations of significant claims, along with strong financials.

Workers' Compensation

Aided by reductions in claim frequency among “work at home” office workers and in lost-time claims in general, the market is expected to remain competitive and provide adequate capacity, coverage and pricing stability.

TRENDS

| | |
|-----------------------|--|
| Rates |  |
| Availability |  |
| Capacity |  |
| Underwriting Scrutiny |  |

KEY:

- Stable
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Generally favorable for buyers. Rates down 5% or more and/or significantly less restrictive terms.
- Hard/Hardening
Generally unfavorable for buyers. Rates up 5% or more, and/or significantly more restrictive terms.

Source: Alera Group 2026 Market Outlook Survey

Rates are expected to remain competitive, with countrywide average renewal rates flat to -5.6% as states lower manual rates and insurers protect renewals. Accounts with favorable losses that meet underwriting requirements could renew with double-digit decreases. Increased wages and improved safety measures will contribute to more favorable underwriting results but will be partially offset by rising medical costs and the potential impact of legalized marijuana.

Availability of needed coverage will meet buyers' requirements in most states and for most industry classes. For the ninth consecutive year, most Workers' Compensation industry classes will be targeted growth opportunities for insurers. Industry class exceptions will continue to include blasting, demolition, chemical mixing or manufacturing, construction, healthcare workers, police and security services, and trucking.

Capacity will expand as more insurers pursue this profitable line of business. As carriers seek growth opportunities, they are more likely to accept risks in the high-hazard classes that meet stringent underwriting requirements and embrace a formal risk control program.

Underwriting scrutiny will remain stable. Carriers will continue to require complete applications and risk control evaluations for new business and high-hazard classes, but will be less stringent in enforcing complete evaluations for well-performing renewal accounts. Emphasis will continue to focus on driving records, training and worker stability. Mental health claims are an increasing concern for insurers, as more states move to recognize “mental-only” claims. Historically, mental health claims were only covered if accompanied by physical injury.



Industry Sectors



Agribusiness

OUTLOOK: STABLE

Insurance markets are still in flux. There have been several insurer consolidations offset by several new underwriting general agencies and insurtech operations entering the market. Notably, no major standard insurance companies have joined the market this year. Capacity will be somewhat restricted, and buyers will have limited options.

Expect disciplined underwriting. Insurers will be stringent in their requirements and firm in their pricing. They will expect detailed information on the business's risk mitigation strategies.

Labor shortages present operational challenges. An aging farming population, fewer new employees joining the workforce and a complex immigration system are driving labor shortages — especially for skilled positions. Worker shortages lead to increased potential for human error and workplace accidents. Many insurers won't consider accounts without solid risk control plans for worker training and safety.

Crop Insurance rates are stable, but Commercial Auto and Product Liability rates continue to rise. Commercial Auto rates are still increasing due to high liability verdicts involving trucking accidents.

Product liability is another source of costly verdicts. The food supply is undergoing mounting scrutiny from regulators, consumers and litigators. For example, earlier this year a judge allowed a nationwide lawsuit arguing that heavy metals in baby food caused neurological damage to the babies who ate it. While the Food Traceability Rule is delayed until 2028, it is essential for growers, processors and packers to have reliable records in the event of a product liability suit.

Cyber risk is growing. As agribusiness adopts new technologies — from IoT devices to Cloud-based systems to AI — operations are more vulnerable to cyberattacks and disruptions. As the threat increases, insurers will require better cybersecurity measures as a condition of providing coverage.

Parametric Insurance is filling the gap. This form of protection is gaining popularity because it provides rapid, pre-agreed payouts based on specific data triggers (e.g., a certain temperature threshold or lack of rain) rather than lengthy loss adjustment processes. It helps address coverage gaps and provides immediate liquidity after an event.

Agribusiness Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|-------------------------------|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | Rates are projected to continue their upward trend. Increases will vary based on risk profile, carrier and state. Anticipated increases range from 10% to 30%. Underwriters will maintain strict underwriting discipline. |
| Cyber Liability | | | | | Rates are expected to rise as agribusiness's risk increases due to greater dependency on digital technology. |
| Environmental Liability | | | | | Conditions are stable. Clients can anticipate minimal to no price increases, along with sufficient availability and capacity. |
| General Liability | | | | | Operations with agritourism, complex processing or high potential for environmental damage will be more challenging to place. |
| Product Liability | | | | | Expect rate increases in the 5% to 10% range due to higher legal costs and jury awards. New novel theories, such as the alleged health impacts of ultraprocessed foods, are expanding the scope of potential liability. |
| Product Recall | | | | | Factors driving rates are heightened regulatory scrutiny, increased traceability technology and rising operational costs due to tariffs. Accounts with favorable loss histories can anticipate single-digit increases. Increases will likely be in the double digits for accounts with losses. |
| Property | | | | | While the overall Property Insurance market is improving, it continues to be challenging in areas prone to severe weather and natural disaster. Standard insurers will continue to cut back on their writings in major agricultural centers in California and the Midwest. Buyers in high-risk areas can expect price increases, lower limits and, in some cases, higher deductibles. |
| Umbrella/ Excess Liability | | | | | Rates are expected to continue their upward trend, primarily driven by social inflation, large jury verdicts ("nuclear verdicts"), and increased litigation. Capacity will continue to be restrained – especially for higher layers. |
| Workers' Compensation | | | | | While the national Workers' Compensation market is seeing modest rate decreases, agribusiness rates are influenced by state mandates, seasonal labor, and the high-risk nature of agricultural work. The outlook is mixed, with potential for localized rate increases in certain states. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



Construction

OUTLOOK: MIXED

The insurance outlook is mixed, depending on the line of business. The forecast for many coverages is stable, including Property/Builder's Risk, Workers' Compensation, Cyber, Professional Liability and Surety. Insureds can anticipate rate increases across key liability lines such as Commercial Auto, General Liability and Umbrella/Excess Liability. These rates continue to escalate due to rising claims costs.

The legal environment continues to drive up costs and shape policy terms. U.S. litigation is still growing with no end in sight — up from \$28.1 billion in 2024 to an anticipated \$30.1 billion in 2025. Expect underwriters to tighten their policy language, look for ways to transfer subcontractor risk and require that policyholders maintain higher limits.

Underwriters will be selective. Securing coverage at attractive terms in hardening lines of business will be challenging. Underwriters willing to consider business will allocate their resources to “best in class” businesses. Insurers will view favorably companies that anticipate and understand their risks at an in-depth level and consistently take appropriate steps to mitigate their exposures.

There is a widening gap between industry needs and the available workforce. According to *Risk & Insurance*, the construction industry needs 499,000 new workers in 2026 alone to meet anticipated demand. A significant percentage of experienced workers are nearing retirement age, and new workers aren't entering the profession to fill the void. Construction companies also need new skill sets as they manage more complex projects, adopt new building methods and rely more on digital tools such as AI, building information modeling and robotics. The shortage of skilled labor increases the risk of injury and errors. New infrastructure, data centers and energy sector projects are expected to exacerbate shortages.

Climate risk and its impact on construction are increasing. Extreme weather and climate-related losses are rising. In the United States, billion-dollar weather and climate disasters rose from an average of 3.3 per year in the 1980s to an average of 23 per year between 2020 and 2024. Adverse weather events affect an estimated 45% of construction projects globally, leading to significant delays, billions in lost revenue and additional expenses annually.

Ongoing supply chain disruptions, geopolitical tensions and fluctuating material prices make cost forecasting, project planning and material sourcing difficult.

Frequent events are driving up insurance costs and reducing availability. Expect insurers to require detailed risk information and climate risk assessments before providing terms. Parametric Insurance can be used to address weather-related delays and non-damage business interruption, offering quick payouts when contract triggers are met.

Construction projects are becoming more complex. Projects such as brownfield development, manufacturing, healthcare and data centers require specialized expertise, data integration and partner collaboration. Contractors are taking on more design-related liability, blurring the lines of responsibility between contractors and designers. Ongoing supply chain disruptions, geopolitical tensions and fluctuating material prices make cost forecasting, project planning and material sourcing difficult.

Cyber threats are increasing. Contractors depend on a complex network of subcontractors, suppliers and vendors. The increased use of digital platforms and connected devices on jobsites increases vulnerability to cyberattacks that can shut down operations, steal data and threaten safety. Firms must look beyond their own cybersecurity controls and evaluate the practices of vendors and subcontractors with access to their systems.

Construction Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|--|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | ● | ● | ● | ● | Expect continued rate increases, higher deductibles and fewer insurers willing to offer this coverage due to escalating repair costs, claims severity, and litigation and jury verdicts. |
| Cyber Liability | ● | ● | ● | ● | Anticipate flat to single-digit rate increases. Competition for this business is offsetting insurers' concerns about the growing cyber risks in this sector. |
| General Liability | ● | ● | ● | ● | Accounts with favorable risk profiles may see flat to single-digit rate increases. The overall market is showing signs of hardening. Many buyers will see 10% increases and higher in litigious jurisdictions like New York City, Philadelphia and California. |
| Professional Liability/Errors and Omissions | ● | ● | ● | ● | Competition will create a favorable environment for buyers. Expect flat to low single-digit rate increases for most buyers. Underwriters will look closely at the insured's potential PFAS ("forever chemicals") risks. |
| Property (including Builder's Risk) | ● | ● | ● | ● | Buyers can expect increased stability in Property and Contractors' Equipment Insurance for businesses outside of catastrophe-prone areas. Stable conditions are also anticipated for Builder's Risk, with ample capacity for standard risks. |
| Surety | ● | ● | ● | ● | Surety continues to be a strong performer for insurers. Expect ample capacity and continued stability for well-run, financially solid contractors. Underwriters will look for strong risk management and safety programs, along with disciplined business planning. |
| Umbrella/ Excess Liability | ● | ● | ● | ● | Pricing is increasing in the range of 5% to 40%. Amount of increase will depend on risk profile. |
| Workers' Compensation | ● | ● | ● | ● | Pricing is stable in most states. Some states are experiencing rate decreases while several are taking moderate rate increases. This continues to be a profitable line of business for insurers, so buyers can expect stable conditions. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening



Education

OUTLOOK: MIXED

Conditions will vary, based on type of coverage and risk profile. Expect improving conditions in Property Insurance but rising costs and deteriorating conditions in liability-related coverages due to social inflation and legal expenses. Rates, coverage terms and availability will vary based on risk profile. A school's location will also play a role. Proximity to catastrophe-prone areas and/or being in a highly litigious jurisdiction will impact rates.

This sector remains dominated by a limited pool of insurers. Several high-profile insurance carriers have exited the market in recent years due to the increasing frequency and severity of claims, particularly in liability lines. New carriers have not entered the market. This creates limited options for buyers.

Colleges and universities are facing financial pressures. Competition for students is fierce. Enrollment is declining as a result of lower birth rates following the 2008 recession, high tuition costs and a growing number of students choosing alternatives to a traditional four-year college education. Institutions will need to find new customers, such as international and adult students, to offset losses.

Education is facing severe labor shortages. A large portion of the higher education workforce is approaching retirement age, creating significant talent gaps that are not being filled by a new generation of workers. Fewer people are opting for careers in teaching, resulting in a one-third decrease in teacher preparation programs across the U.S. since 2010. Reasons cited for teacher shortages include low pay, overwhelming workloads leading to severe burnout, loss of professional prestige, and a lack of parental and administrative support. Teachers who remain face increased workloads and stress, which can impact staff and student safety. Schools with high teacher turnover and less-experienced staff face greater professional liability exposures.

Sexual misconduct claims comprise almost

50%

of reported General Liability claims

Source: United Educators' data

The role of teachers is changing. Technology is shifting the teacher's role from the "knowledge source" to facilitator and mentor. The growth of hybrid learning requires teachers to be proficient in both in-person and virtual learning environments. Many teachers struggle to adapt to the new roles that come with educational technology. While most show a strong willingness to use technology, systemic issues including insufficient professional development, a lack of time and limited technical support often act as barriers to a smooth transition.

Educational institutions will continue to be vulnerable to societal forces, leading to increased litigation expenses. The "Large Loss Report 2025" from United Educators, a leading insurer and risk management partner for educational institutions, highlights an ongoing escalation in the magnitude and frequency of high-cost claims against K-12 schools and institutions of higher education. Due to this trend, the reporting threshold for "large losses" increased from \$1 million in the 2024 report to \$2.5 million in the 2025 edition.

Sexual misconduct remains a significant area for claims. According to United Educators' data, sexual misconduct claims comprise almost 50% of reported General Liability claims and have increased in frequency and severity. Their loss-trends analysis indicates sexual misconduct losses have grown three times faster than all other claim types over the past 15 years. Other major claims include discrimination, Title IX violations, and slips, trips and falls. Growth in claims is driving insurers to scrutinize schools' policies and procedures on issues like sexual misconduct and discrimination. Robust, clear policies and documented risk management plans are essential for securing favorable insurance terms.

Education Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|---------------------------------------|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | This market remains challenging. Schools with favorable risk profiles should prepare for rate increases in the 5% to 15% range. Schools with poor loss history may face increases of 20% or more. Capacity will be limited, and underwriters will be selective due to persistent underwriting losses across the industry. |
| Cyber Liability | | | | | Anticipate stable premiums and availability for institutions with strong cybersecurity controls and favorable loss experience. Insurers will enforce strict security measures like multi-factor authentication (MFA) and endpoint detection and response (EDR). |
| Educators Legal Liability | | | | | Likely rate increases are in the 5% to 15% range for schools with favorable risk profiles, including strong risk management protocols and favorable loss histories. Institutions with a history of claims may see increases in the range of 10% to 25% or more. Capacity is available but will be tightly managed. |
| General Liability | | | | | Rates continue to rise due to losses. The level of increase will depend on the institution's risk profile. Favorable risks will likely see 5% to 15% increases, average risk profiles 10% to 20% and high-risk profiles 20% or more. Schools with high-risk profiles should also prepare for deductible and coverage limit changes. |
| Sexual Abuse and Molestation | | | | | Markets are limited for this coverage. Underwriters will be extremely selective. Prepare for in-depth underwriting questions, underwriting scrutiny and double-digit rate increases. |
| Property | | | | | Expect more stable conditions than in previous years, with moderate rate increases. Average rate increases are projected at 4%. Actual rates will depend on the school's location(s), condition of its buildings and loss history. |
| Umbrella/ Excess Liability | | | | | The market is expected to remain firm, with 10% to 20% increases for standard risks, 25% or more for higher hazard risks. Insurers will be cautious in the amount of coverage they offer. Schools requiring higher limits will likely need multiple insurers to achieve desired limits. |
| Workers' Compensation | | | | | Conditions in this line will likely remain stable for policyholders with good loss histories. |

Source: Alera Group Market Survey

Key:

Stable Soft/Softening Hard/Hardening



Food Processing and Distribution

OUTLOOK: STABLE

Expect similar conditions to 2025. Overall, the market for this sector is stable. Some lines of business, such as Property Insurance and Marine Cargo/Stock Throughput, are showing improvement in pricing and availability. Casualty lines, including Commercial Auto and Umbrella/Excess, will continue to see rate increases, tight capacity and cautious underwriting. Rate increases and decreases, as well as policy terms and conditions, will depend on the business's risk profile.

Technology is reshaping operations. New technologies are helping businesses fill labor force gaps as automation is gaining traction in production lines and warehouses. AI is improving decision-making by:

- Anticipating equipment needs before failure
- Improving production schedules for efficiency
- Predicting customer demand
- More efficiently managing inventory levels.

Technology is increasing efficiency, but it is also escalating cybersecurity risks, operational failure and potential liabilities.

The focus on food ingredients is growing. Americans are increasingly interested in what goes into their food. There is a strong movement away from artificial additives toward natural, minimally processed ingredients. This coincides with a focus on products with specific health benefits (e.g., gut health, added fiber, reduced sugar/salt). According to 2025 National Science Federation research, there is significant demand for improved information, with 64% of consumers saying they are paying more attention to labels compared to five years ago. As focus on food labeling increases, insurers are concerned about increasing litigation. The U.S. already has a high rate of litigation regarding allegedly deceptive or misleading food labels. Insurers are wary of class-action lawsuits brought by consumers or competitors over unsubstantiated health claims or vague terms like "natural," which can result in significant settlements and legal costs.

Regulatory scrutiny is increasing. New and evolving regulations from the federal Food and Drug Administration (FDA) and state levels regarding traceability, food additives (e.g., bans on certain synthetic dyes), labeling requirements (e.g., “healthy” claims and front-of-package labeling) and environmental impact are creating a complex compliance landscape. There is also an increase in mandatory cybersecurity regulations such as the European Union’s (EU’s) NIS2 directive, and U.S. frameworks like those prescribed by the National Institute of Standards and Technology (NIST) will boost demand for Cyber Insurance. Compliance with these standards can influence insurance terms.

Growth of online grocery shopping and direct-to-consumer models is changing logistics and packaging requirements. The global food e-commerce market is expected to reach nearly \$1 trillion in the next decade, indicating a significant change in consumer habits. Competing in this market requires faster, more flexible delivery options and the growth of micro-fulfillment centers. Direct-to-consumer models introduce a new level of risk. Bypassing traditional retail channels increases the producer’s direct liability for the final delivery and condition of the product. Insurers will look closely at how the business manages temperature control for perishable goods in transit, and how it handles transit delays and packing.

Legacy systems can increase vulnerability. Older industrial control systems and supervisory control and data acquisition systems were not designed to withstand today’s cyber risk. Companies operating on these legacy systems have a wide “attack surface,” increasing their cyber vulnerability.

Food Processing and Distribution Trends

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|-----------------|-------|---------------|----------|------------------------|--|
| Commercial Auto | | | | | Double-digit rate increases and cautious underwriting will persist. Increases will likely range from 10% to 30%, depending on factors like fleet size, operating radius and loss history. |
| Cyber Liability | | | | | Expect stable rates, availability and capacity. Insurers will continue to pay close attention to cybersecurity including multi-factor authentication (MFA) endpoint detection and response (EDR), robust backups, disaster recovery procedures, incident response plans and employee training. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)

Food Processing and Distribution Trends

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|--|-------|---------------|----------|------------------------|--|
| General Liability (including Product Liability) | | | | | Expect moderate rate increases, from 5% to 10%. Rate increases will not be uniform. Businesses with excellent safety records, robust quality control and effective risk management will see the most favorable terms (potentially lower increases or flat renewals). Companies with prior claims, high-risk products (e.g., raw proteins, ready-to-eat meals) or poor hygiene classifications will face higher premiums and potentially stricter coverage terms. |
| Management Liability | | | | | Expect stable conditions for Directors and Officers coverage but firm conditions and rate increases for Employee Practices Liability Insurance — especially for organizations with large numbers of employees. |
| Marine Cargo/ Stock Throughput | | | | | Expect strong capacity, competitive rates and opportunities to secure broad coverage. |
| Product Recall | | | | | Expect stable conditions with flat to slightly increasing rates. Businesses with poor Workers' Compensation experience modification could still face increases of 10% or higher. |
| Property | | | | | Many buyers will find improved conditions. The market will likely be competitive for low-hazard risks with good loss histories, with flat renewal rates or even slight decreases. While rate increases and capacity in catastrophe-prone areas are easing, anticipated rate increases will likely be 10% to 20%. Businesses that use highly specialized equipment with long lead times for replacement/repair may face more difficulties in obtaining Business Interruption Insurance. |
| Umbrella/ Excess Liability | | | | | This line will remain challenging, with rate increases of 5% to 20%. Rates will depend on the business's specific risk profile and loss history. Accounts with large fleets or significant product liability exposure should prepare for double-digit increases. Capacity will remain tight, with some restrictions on limits. Underwriters will remain cautious and selective. |
| Workers' Compensation | | | | | Nationally, the market is expected to remain stable, with many well-managed accounts experiencing flat renewals or minor rate fluctuations. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



According to a 2025 study, economic and social inflation have added an estimated \$4 billion in insured losses to the Medical Professional Liability market.

Healthcare: Hospitals

OUTLOOK: MIXED

Medical Professional Liability and Commercial Auto rates will continue to rise. This is driven by the increasing severity of claims, larger jury awards and general claims cost pressures. According to a 2025 study by the Doctors Company, the nation's largest physician-owned Medical Professional Liability insurer, economic and social inflation have added an estimated \$4 billion in insured losses to the Medical Professional Liability (also known as Medical Malpractice Insurance) market over the past decade. The losses represent a \$1.6 billion increase from the previous estimate. Reports of claims exceeding \$2 million have increased more than tenfold since 1990. The frequency of high-dollar claims rebounded sharply in 2023 after a pandemic-era dip. Hospitals that operate their own ambulances and transportation services will likely see sharp Commercial Auto rate increases, along with limited coverage availability and capacity.

Other product lines are trending favorably. Hospitals can anticipate more stability in pricing, underwriting, capacity and availability in product lines such as Property, Directors and Officers, and Cyber Liability

Cyber risk is escalating. Record-setting healthcare breaches, ransomware events and growing oversight by the Department of Health and Human Services (HHS) and the Office for Civil Rights are driving heightened HIPAA liability and stricter security expectations. Greater reliance on outsourced vendors for IT, billing and other functions is increasing cyber vulnerability.

Aggression toward healthcare workers is increasing. Incidents have been rising sharply since COVID-19 and show no signs of abating. According to government data, healthcare workers are now five times more likely to be physically assaulted on the job than workers in any other industry. Experts suggest the numbers are due to insufficient staffing, longer wait times and a lack of resources, all of which are increasing tension and patient frustration, putting care at risk. Emergency departments, psychiatric units and waiting areas are identified as especially high-risk environments. This liability exposure is affecting coverage terms.

Staffing shortages continue. While conditions have improved post-COVID, as of 2025, the U.S. is forecast to have a shortage of approximately 78,000 full-time registered nurses by the end of 2025 and a potential physician shortfall of up to 94,700 by 2026. Burnout and stress-related Workers' Compensation claims have become more common. Heavy use of travel and contract nurses increases hospital costs and liability for errors.

Rural hospitals face financial stress. Closures, service reductions and reimbursement challenges are increasing risk and at the same time weakening loss-control budgets. This is affecting insurers' appetite for this business, available options and collateral they require.

Limited medical transportation capacity is increasing the risk of adverse outcomes. EMS staffing shortages, limited hospital bed availability and operational inefficiencies are contributing factors.

Risks continue to evolve. New risks are emerging, including AI-assisted clinical decisions, documentation and data bias, the collection and use of biometric data and medical device management. Laws continue to evolve. For example, hospitals and physicians face potential liability when a new technology or device malfunctions, resulting in patient harm. Patient, worker and environmental litigation resulting from PFAS (commonly known as "forever chemicals") is a growing exposure for hospitals.

New risks are emerging, including AI-assisted clinical decisions, documentation and data bias, the collection and use of biometric data and medical device management. Laws continue to evolve.

Healthcare: Hospitals Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|--|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | The market will remain challenging on pricing, availability, capacity and underwriting. The level of rate increase will depend on the size and services provided by the fleet, along with loss history and risk management protocols. Rate increases are projected in the 10% to 30% range. |
| Cyber Liability | | | | | Market conditions will likely remain competitive, with ample availability and capacity for hospitals that demonstrate robust cybersecurity and risk management. Average rate changes are in the range of -5% to 5%. |
| Directors and Officers Liability (D&O) | | | | | Rates, availability and capacity are expected to be stable for most hospitals. Hospitals considered high risk (e.g. public hospitals, facilities that serve medically complex patients, etc.) could see higher pricing and less capacity. |
| Employment Practices Liability (EPL) | | | | | Conditions are expected to remain competitive, with stable rates for most but modest increases in high-risk areas. |
| General Liability | | | | | Rates will likely increase but at a more moderate pace than recent renewals. Expect increases in the 5% to 10% range for well-run institutions with good loss experience. Access to high limits in litigious jurisdictions will be challenging. |
| Medical Professional Liability | | | | | Anticipate continued pressure on rates, with increases ranging from 5% to 20%. Organizations in high-risk jurisdictions or with poor loss history will see the steepest increases. In response to sector losses, insurers are cutting back on the limits they're willing to offer. |
| Property | | | | | Expect stabilizing and slightly decreasing rates for well-managed risks with favorable loss histories. Hospitals in catastrophe-prone areas will continue to face challenges. Availability is improving due to new capacity in the market. Rate increases are moderating slightly compared to recent years. |
| Umbrella/Excess Liability | | | | | For well-managed risks with favorable loss experience, expect rate increases in the 10% to 15% range for Excess and 10% to 20% for Umbrella. Anticipate reduced capacity at higher levels. |
| Workers' Compensation | | | | | Anticipate stable conditions, with insurer emphasis on risk management and safety programs. |

Source: Alera Group Market Survey

Key:

Stable
 Soft/Softening
 Hard/Hardening



Cybersecurity can directly threaten patient safety and care by disrupting access to records, causing equipment malfunction and jeopardizing sensitive patient data.

Healthcare: Physician Groups

OUTLOOK: HARD

Expect challenging conditions for Medical Professional Liability. Rates for Medical Professional Liability will continue to rise. Rates are expected to increase 5% to 15%, driven by legal verdicts and economic inflation. The frequency and severity of jury verdicts exceeding \$10 million (known as “nuclear” verdicts) are driving up premiums for all physicians, especially those in high-risk specialties (e.g., neurosurgery, obstetrics and gynecology, thoracic-cardiovascular surgery, etc.) and locations (e.g., New York, Florida, Pennsylvania, Illinois, etc.). Insurers are also reducing capacity and tightening coverage terms, leaving physicians to assume a greater share of risk.

Underwriter scrutiny continues. Underwriters have a limited appetite for Medical Professional Liability coverage and will be selective about the businesses they write. Insurers are tightening their standards and imposing stricter policy terms. The due diligence process will be rigorous.

Cybersecurity remains a critical concern. Physician practices are prime targets for cybercriminals, with ransomware attacks and data breaches a critical concern. Cybersecurity can directly threaten patient safety and care by disrupting access to records, causing equipment malfunction and jeopardizing sensitive patient data. The growth of interconnected medical devices, such as insulin pumps and ICU monitors, presents new vulnerabilities.

Physicians are selling their practices in record numbers to gain greater financial stability, improve negotiating leverage with payers, access costly technology, and reduce administrative and regulatory burdens.

Physicians are becoming employees rather than owners. As of 2024, fewer than half of all physicians remained in private practice. Physicians are selling their practices in record numbers to gain greater financial stability, improve negotiating leverage with payers, access costly technology, and reduce administrative and regulatory burdens. The landscape is increasingly dominated by larger, often multi-specialty groups owned by hospitals, health systems, insurers or private equity firms.

Workplace violence against healthcare workers is increasing. Incidents have been rising sharply since COVID-19 and show no signs of abating. Healthcare workers are now five times more likely to be physically assaulted on the job than workers in any other industry. Experts suggest the actual numbers are likely even higher, due to underreporting of incidents out of fear of retaliation. Insufficient staffing is a contributing factor. Longer wait times and limited resources are leaving patients frustrated and putting their care at risk. Additionally, patient mistrust of the healthcare system and factors like intoxication or cognitive issues from certain conditions also contribute to the problem. Emergency departments, psychiatric units and waiting areas are particularly high-risk environments.

New risks emerge as physicians integrate technology. Physician offices are increasingly relying on AI and other tech-enabled tools to improve diagnostics, remotely manage patient care and more efficiently manage administrative tasks. Liability coverage will need to be adapted to reflect changes in how practices operate. Some industry experts voice concerns that overreliance on AI recommendations could lead physicians to lose their critical thinking skills over time.

Sexual assault claims against physicians are on the rise. While the actual frequency of abuse is difficult to measure, there is an observable increase in the number of cases being formally reported to authorities, pursued through the legal system or exposed in media. Studies suggest that survivors feel more empowered to come forward, and both patients and healthcare workers are better at recognizing sexual harassment and misconduct than in previous years.

Healthcare: Physician Groups Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|--------------------------------|-------|-------------------|----------|-------------------------------|--|
| Cyber Liability | | | | | Expect rate increases of 15% to 20%. Over 50% of all healthcare industry data breaches are due to the black-market value of medical records. Insurers are imposing stricter requirements to qualify for coverage and secure favorable terms, and will scrutinize the practice's overall risk management program. The Health Care Cybersecurity and Resiliency Act of 2024 tightens requirements for data protection and incident response plans, which can lead to regulatory actions and fines if breached. |
| General Liability | | | | | Overall, market conditions for this sector will remain firm. Rates continue to rise due to social inflation but at a more moderate pace than in prior years. |
| Medical Professional Liability | | | | | Pricing continues to increase 5% to 15% due to severity of losses. |
| Property | | | | | Property Insurance market conditions continue to improve for physician offices outside catastrophe-prone areas, with renewal rates of -5% to 5%. Rate increases will be steeper in catastrophe-prone but more modest than in recent years. |
| Umbrella/Excess Liability | | | | | Anticipate continued rate increases of 5% to 35%, with more significant increases possible for higher-risk specialties or practices with past claims. Insurers are reducing their capacity, offering lower limits to mitigate their exposure to large losses. Multiple carriers may be required to build sufficient coverage. Underwriting scrutiny will remain intense. |
| Workers' Compensation | | | | | Conditions are stable. Practices with favorable loss experience will not see rate increases in most states. |

Source: Alera Group Market Survey

Key:

Stable Soft/Softening Hard/Hardening



Healthcare: Senior Care and Skilled Nursing

OUTLOOK: STABLE

The sector is seeing positive signs. Senior living and care options are poised for record growth as the first baby boomers turn 80 in 2026. Limited supply is driving high occupancy levels and significant investment in the sector. The insurance industry is better positioned to support the growth. Insurance rate increases are slowing. Professional Liability policy rate increases fell to 9% in the second half of 2025, down from 12% in the two preceding quarters. The trend will likely continue in 2026. Commercial Property Insurance rates are also softening for properties outside of catastrophe-prone areas.

New insurance markets are entering the sector, bringing innovative risk assessment and rating methodologies. New alternatives are helping fill the gap left by insurers that exited the business, increasing competition, availability and capacity. Buyers will likely see an improved environment as insurers work to retain quality accounts. Additional capacity in catastrophe-prone areas is expected to slightly improve Property Insurance options.

Liability losses continue to plague the industry. The rising costs of litigation, social inflation and large jury verdicts in the sector are major concerns. Insurers continue to adjust and fine-tune their underwriting criteria and terms and conditions to manage mounting losses. Be prepared for underwriting scrutiny.

Senior-care facility operators will need to be proactive in managing their liability exposures. Good documentation strengthens the defensibility of claims. Timely and accurate resident records significantly strengthen a facility's position with claimants. High-quality real-time documentation platforms like Minimum Data Set (MDS) systems and electronic medical records (EMRs) can also help show validity. When ownership of a facility changes hands, underwriters will still require a full loss history. If claim information is unavailable, assumptions may now work against new management.

The population served will become increasingly fragile. AARP research shows that more than 70% of adults want to stay in their home and community as they age. New technologies such as smart homes, wearable health monitors and telemedicine will help seniors live independently for longer periods of time. They will likely delay entry into care settings and increase patients’ acuity when they do enter. This shift demands rigorous review and modifications of resident agreements and proactive, transparent communication with families about what facilities can and can’t do.

Memory care and dementia-focused operations present tough challenges. These facilities are typically less regulated than skilled nursing homes, yet they care for highly vulnerable residents, and incidents can be catastrophic when they do occur. There is capacity for memory care and dementia-focused operations, but buyers should anticipate higher deductibles, tighter terms and a range of exclusions.

Staffing shortages are a key underwriting concern. With 10,000 Americans turning 65 every day, the demand for home-based services and senior housing is growing exponentially. Supply is not keeping pace with demand. While there are some recent improvements in turnover rates from pandemic highs, net employment levels remain below pre-pandemic levels and insufficient to meet the surging demand from an aging population. A large majority of facilities report that it’s difficult to hire new staff, with many citing a lack of qualified or interested candidates. Expect underwriters to pay close attention to adequate staffing levels and resident oversight.

Healthcare: Senior Care and Skilled Nursing Trends





























| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|-----------------|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | Expect 10% to 20% rate increases and limited capacity. Transporting residents is the key underwriting concern. Expect thorough review of drivers’ safety records and training programs. |
| Cyber Liability | | | | | Conditions are stable. Having a robust information and data security program to safeguard data, preserve connectivity and respond quickly to a cyberattack will be critical. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)

Healthcare: Senior Care and Skilled Nursing Trends cont.

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|---|---|---|---|---|--|
| Directors and Officers Liability (D&O) |  |  |  |  | Rates and capacity are stable for facilities with favorable risk profiles. Some facilities are seeing low single-digit rate reductions. Carrier appetite for the high excess layers could be nearing capacity. |
| Employment Practices Liability (EPL) |  |  |  |  | This industry sector is considered high-risk by insurers. Anticipate a challenging market with rising premiums due to staff shortages, burnout, increased litigation and large jury verdicts. |
| General Liability |  |  |  |  | Increased competition and capacity will minimize rate increases for well-managed facilities with favorable risk profiles. Underwriters will be reluctant to invest significant capacity in litigious jurisdictions such as New York, New Jersey, California and Florida. Pay close attention to sublimits for abuse, punitive damage exclusions and communicable disease vs. limited pandemic/epidemic/COVID. |
| Professional Liability |  |  |  |  | Overall, this market is stabilizing. Expect renewal rates to increase 0% to 15% based on loss experience and jurisdictions in which operations are located. |
| Property |  |  |  |  | Conditions in the Property Insurance market are improving, but capacity is still somewhat limited in the sector. Facilities with loss histories may find it difficult to obtain coverage. Anticipate 0% to 7% rate increases depending on property condition and catastrophe exposure. Underwriters will perform thorough risk engineering inspections and may require specific safety measures, like attic sprinklers, as prerequisites for coverage. |
| Umbrella/ Excess Liability |  |  |  |  | Rates continue to increase due to claims costs but at a more moderate pace than recent years. Some carriers are cutting back on excess capacity, offering \$5 million for accounts they previously offered \$10 million. Underwriters will limit the capacity they're willing to deploy in highly litigious jurisdictions. |
| Workers' Compensation |  |  |  |  | Expect renewal rates in the -5% to 5% range. Underwriters will look favorably upon facilities with strong, uniform return-to-work programs. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



Hospitality and Gaming

OUTLOOK: MIXED

Some lines of business are easing while others will remain firm. Property Insurance pricing and capacity continue to improve. The degree of improvement will depend on the business's risk profile. For example, locations prone to natural disasters like hurricanes, floods and wildfires will continue to see higher rates and deductibles, but increases may be more modest than in recent years. Liability Insurance, especially Liquor Legal Liability, will remain challenging. Rising claims costs from litigation play a significant role in liability rates for the hospitality sector. Hospitality businesses face a broad range of liabilities, including guest injury (e.g., slip-and-fall), property damage, food and liquor liability, and significant employment practice claims due to high staff turnover.

Insurer appetite will be limited. Expect underwriters to be cautious, selective and disciplined — especially for large operations with complex risk profiles. The business's claims history will be a critical factor in determining rates and coverage. There will be capacity and competition for "best in class" businesses; however, more buyers will need to utilize the nonstandard markets to obtain coverage.

The sector is a target for cyberattack.

Hospitality and gaming organizations handle a high volume of customer data and financial information, making them vulnerable to ransomware attacks and data breaches. There have been significant attacks over the past three years, notably a major casino cyber loss that recently settled for \$45 million.

Increased reliance on technology. The industry is increasingly relying on technology to automate repetitive tasks, support self-service options and streamline bookings. While it is helping fill some of the gap due to labor shortages, operations are increasingly vulnerable to systems failure, service disruptions and loss of the human touch in meeting customer expectations.

Vendor cyber risk is a vulnerability. Use of third-party suppliers for booking systems, payment processing and other services creates another significant cyber risk. A vendor's data breach can expose a hotel or casino to legal liability for the loss of customer data, even if its own systems were secure.

The rise of online gaming and user-generated content is creating new liabilities. Content made by players on the business’s online platforms introduces new safety dangers for players, such as cyberbullying and other harmful online behavior, including harassment and “virtual assaults.” Gaming companies involved in online betting are high-risk targets for money laundering. Regulators are increasingly requiring gaming operations to protect vulnerable customers. Failure to comply can lead to fines.

Hospitality and Gaming Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|--|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | Expect 10% to 30% rate increases depending on loss history and location. Underwriters are scrutinizing risks more closely than ever, with detailed questions about fleet size, vehicle types, operating radius and, most importantly, driver history and safety protocols. It will be difficult to obtain high limits, as insurers seek to cap their exposures. |
| Cyber Liability | | | | | Conditions are stable, with slightly softening rates for companies with favorable risk profiles and strong cybersecurity measures. |
| Directors and Officers Liability (D&O) | | | | | For companies with stable risk profiles, premiums are expected to remain flat. Clients with favorable risk profiles may see modest decreases, particularly in the Excess layers of coverage. |
| Employment Practices Liability (EPL) | | | | | Hospitality businesses face significant labor-related risks. Underwriters will be cautious and selective in writing this business. Expect 5% to 10% rate increases for risks with good loss experience and double-digit increases for accounts with significant claims history. Underwriters will look for strong risk management protocols. In response to rising claims frequency, anticipate tighter policy language, along with increased use of sublimits and additional exclusions. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)

Hospitality and Gaming Trends cont.

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|---------------------------|-------|---------------|----------|------------------------|--|
| General Liability | | | | | Considered a higher-risk industry, hospitality is unlikely to see the same rate relief as other sectors. Properties with clean loss records and strong risk management can expect 5% to 25% rate increases. Properties with claims could face increases of 25% or more. Insurers will be highly selective, especially for large-scale operations with complex risk profiles. Expect coverage for assault and battery, liquor liability, and sexual abuse and molestation to be either limited or excluded entirely. |
| Liquor Legal Liability | | | | | Fewer insurers are offering this coverage. The markets that remain active are increasing rates and being highly selective in the accounts they write. Expect underwriting requests for detailed information on risk management processes (e.g., comprehensive server training programs, age verification protocols, and policies for recognizing and stopping service to intoxicated patrons). Insurers are also adding or strengthening exclusions for incidents involving assault and battery or firearms. Projected average rate increases are 5% to 25%. Accounts with poor loss histories will see higher increases and may find it difficult to obtain coverage. |
| Property | | | | | While the Property Insurance market has softened, a property's exposure to natural disasters will be the determining factor in rate changes. Properties in high-hazard areas will continue to face challenges, including higher costs and potential coverage obstacles. Conversely, properties in lower-risk areas might see more stable, or even slightly decreasing, rates. |
| Umbrella/Excess Liability | | | | | Projected rate increases are 10% to 25% for standard accounts. Insurers are decreasing the amount of coverage they offer on a single policy. Expect tighter terms, higher limits on underlying primary policies and increased exclusions. |
| Workers' Compensation | | | | | The market is expected to be stable in 2026 in terms of availability, capacity and underwriting. Rates will vary slightly depending on the state. For example, Washington State is proposing a 4.9% increase whereas the National Council on Compensation Insurance has recommended a 6.9% decrease in Florida in 2026. |

Source: Alera Group Market Survey

Key:

- Stable
- Soft/Softening
- Hard/Hardening
- Mixed (Conditions vary significantly based on risk and jurisdiction.)

Life Sciences/Pharmaceuticals

OUTLOOK: STABLE

Rates and capacity are expected to be stable. Disruptive forces are transforming the life sciences/pharmaceuticals sector, and new risks are emerging. Overall stable conditions will likely prevail due to abundant market capacity and competition for businesses with favorable risk profiles.

New technologies are creating opportunities and exposures that didn't exist a decade ago. As new technologies emerge, risk assessment and management, along with education for users and medical professionals, present significant challenges.

Artificial Intelligence is a dual-edged sword. AI holds promise for addressing sector challenges but also introduces new risks that are not fully understood. For example, AI can help companies improve clinical trial results by better identifying participants who will benefit, but at the same time, it creates new risks of discrimination and bias.

Social inflation will push liability rates upward. The combination of nuclear jury verdicts and litigation funding is accelerating the volume of lawsuits and claims costs. There are indicators that suggest this trend will abate for the foreseeable future.

Regulatory complexity and legislative uncertainty will foster increased litigation. Technological innovation is outpacing the development of clear regulations. Despite the lack of clarity, companies face scrutiny from regulatory agencies on a variety of issues, including pricing, patents and data privacy.





































New policy forms will emerge. As telehealth and use of connected devices continue to grow, insurers are creating new digital health forms that will give buyers additional coverage options.

Insurers will pay close attention to their exposures on GLP-1 receptors and related medications. Contract manufacturers will find issuers more receptive to their business, while compounding pharmacies will find it more challenging to get coverage.

Digital products are blurring the lines between product and professional liability. Product Liability Insurance typically covers injury and damage caused by a defective product while Professional Liability protects against financial losses caused by a failure of a service or advice to perform as intended. With digital products, it can be difficult to determine whether damages were caused by software or service. For example, a virtual consultation that leads to an incorrect diagnosis can create claims against technology and the advising medical professional.

Cyber risk is on the rise. The abundance and value of patient data, increased connectivity, use of AI, merger and acquisition activity and reliance on third-party vendors will drive risk.

Life Sciences/Pharmaceuticals

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|--|---|---|---|---|---|
| Clinical Trials Liability |  |  |  |  | Coverage is widely available. Policies will be customized based on the trial. Pricing will be impacted by factors such as the stage of the trial, the legal and geopolitical environment in which the trial is being conducted and how novel or high-risk the therapy is. |
| Commercial Property |  |  |  |  | Overall market conditions are improving in terms of rates and availability. Properties in catastrophe-prone areas will still face challenges. |
| Cyber Liability |  |  |  |  | Expect regulatory scrutiny from the FDA and under the EU's NIS2 directive. NIS2 is a major upgrade to cybersecurity regulations that broadens the scope of covered sectors, requires stricter risk management and imposes mandatory incident reporting with tight deadlines. |
| Directors and Officers |  |  |  |  | Underwriters will assess compliance protocols, M&A activity, the strength of the company's intellectual property, history of legal disputes and track record in managing clinical trials. |
| General Liability |  |  |  |  | Anticipate continued but more moderate rate increases due to challenges from ongoing litigation trends and emerging risks. |
| Intellectual Property |  |  |  |  | While the market is relatively stable due to competition, conditions could shift in 2026 as insurers grapple with issues such as increased patent litigation, new technologies and regulatory complexity. |
| Product Liability/ Professional Liability |  |  |  |  | Competition and capacity are helping mitigate rate increases for "best in class" accounts despite regulatory complexities, mounting litigation expenses and emerging liabilities resulting from new technologies. The rise of "junk science" claims is an emerging issue. Coverage may be sharply limited for formulations that are subject to junk science claims. |
| Umbrella/Excess Liability |  |  |  |  | Conditions will likely be stable for businesses with favorable risk profiles. Expect underwriters to limit or exclude coverage for product liability from clinical trials as well as from professional liability and intellectual property (IP) disputes. |
| Workers' Compensation |  |  |  |  | Clients with good loss histories and risk control programs will likely see flat or slightly decreasing rates. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening



Manufacturing

OUTLOOK: STABLE

Look for relatively stable conditions. Property and Liability Insurance rate increases are moderating, and there is ample capacity for quality risks. While market conditions are softening slightly due to competition, underwriters will remain disciplined in offering the best terms and conditions to well-managed accounts with proven risk management strategies.

Artificial intelligence (AI) is shifting the risk landscape. Manufacturers are adopting AI at a rapid rate, with more than 50% integrating it into core business operations to some degree. AI introduces new risks around operational disruptions from model failures, increased cybersecurity vulnerabilities, intellectual property theft, legal and compliance challenges, and workforce transformation complexities. Insurers are responding by clarifying coverage provisions in existing policies, developing specialized standalone policies and enhancing cyber policies to specifically address AI-powered threats.

Aging infrastructure is a concern. According to the American Society of Civil Engineers, the average age of manufacturing infrastructure in the United States is over 50 years. Aging facilities will be challenged to keep pace with modern manufacturing processes. From an insurer perspective, older facilities pose a greater risk of property damage, worker injury and operational disruption.

Insurers are taking a more holistic approach to cyber liability. As technology becomes more integral to business operations and cyber risk grows, insurers are assessing how a single cyber event could impact all traditional lines of business such as Property, General and Product Liability, and Directors and Officers. For example, a hack could cause physical damage to essential machinery.

Manufacturers continue to face labor challenges. The challenges are on two levels. Experienced workers are aging out of the labor force, and younger workers are not stepping in to fill the gap. Advancements in technology are rapidly changing the skill requirements for modern manufacturing jobs. Reskilling workers will require time and investment. From insurers’ perspective, labor/skills shortages mean increased risk exposures and potential claims across various lines of coverage, including Workers’ Compensation, General Liability, Property and Cyber Liability.

Manufacturers face complex supply chain risks. Manufacturers face a range of supply chain risks that can disrupt operations, raise costs and jeopardize their reputation. Underwriters want evidence that manufacturers are proactively managing their supply chain risk and will request detailed risk assessments, along with proof of contingency plans and robust risk management practices.

Manufacturing Trends

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|--|-------|---------------|----------|------------------------|---|
| Commercial Auto | ● | ● | ● | ● | Expect rate increases of 10% to 30%, coverage restrictions and tightening underwriting standards. |
| Cyber Liability | ● | ● | ● | ● | Manufacturers with robust cybersecurity measures can expect rate increases of 0% to 5%. Clients with inadequate controls or a history of incidents will face significant increases and may be challenged to secure adequate coverage. Insurers are clarifying whether cyber losses are covered by standard policies. They are doing this to fix the problem of “silent cyber” — instances when it is unclear whether coverage of a cyber-related peril is triggered under a traditional property and casualty policy. |
| Directors and Officers Liability (D&O) | ● | ● | ● | ● | The D&O market is generally competitive, with an abundance of capacity. Most manufacturers with strong risk profiles and no recent claims can expect flat D&O renewals or even modest decreases. Underwriters will focus on cyber risk and governance, ESG and DEI backlash, and financial stability. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening

Manufacturing Trends cont.

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|--------------------------------------|-------|---------------|----------|------------------------|---|
| Employment Practices Liability (EPL) | | | | | Buyers are likely to see stable to moderate rate increases in the 0% to 5% range. New federal and state employment laws and regulatory pressures require vigilance and updated HR practices. Insurers are scrutinizing manufacturers' policies and procedures to ensure compliance with new federal and state employment laws. They also assess how a manufacturer manages its workforce in an evolving risk landscape. |
| Liability (General and Product) | | | | | General Liability rates will be relatively stable, with increases of 0% to 10%, depending on a company's specific risk profile, loss history and location. On Product Liability, low- to medium-hazard manufacturers with favorable risk profiles are expected to see 0% to 5% rate increases. Companies producing products in high-risk categories (e.g., medical equipment, auto components, chemicals or products with potential for mass tort litigation, including PFAS) will face tighter underwriting and increases potentially exceeding 10%. Underwriters will tend to avoid products that have potential for large plaintiff cases. |
| Property | | | | | Overall market conditions will improve. Manufacturers with strong risk management controls and no recent claims will likely see flat rates or some reduction in pricing. Operations in natural-disaster-prone areas will likely see 10% increases. Manufacturers with recent or significant loss histories will likely face increases of 20%. |
| Umbrella/Excess Liability | | | | | Market conditions will remain challenging, with 8% to 15% rate increases for favorable risks and potentially 15% to 30% increases for those with adverse loss histories. There is capacity, but underwriters will be selective in how they deploy it. |
| Workers' Compensation | | | | | Insurers continue to compete aggressively for accounts with favorable loss experience. |

Source: Alera Group Market Survey

Key:

Stable Soft/Softening Hard/Hardening

Nonprofits

OUTLOOK: MIXED

Many nonprofits will still face challenges finding adequate coverage at affordable prices. Insurers will remain cautious about this sector due to an increasingly litigious environment and unique risks and exposures that historically have led to higher claims frequency and severity. As a result, buyers can expect to see more restrictive policy wording and sublimits, along with higher deductibles.

Rates, availability and capacity will depend on the nonprofit's risk profile. Nonprofits with lower risk profiles will have plentiful options. Nonprofits with moderate risk profiles that have some inherent risks but avoid high-risk activities will face some obstacles obtaining insurance. Nonprofits with high-risk profiles will find the insurance market very challenging.

Nonprofits viewed as higher risk are engaged in:

- Services that have a sexual abuse and molestation exposure such as work with children, adolescents and other vulnerable populations; organizations that provide foster care services; group homes; and residential treatment facilities;
- Mental health counseling and social work services — especially when there is one-on-one client interaction or remote teletherapy;
- Special education, disability services, autism and behavioral programs — areas that often involve physical interactions, restraint or medical treatment;
- Faith-based groups/religious nonprofits with programs involving minors or overseas mission activities;
- Affordable housing and homeless shelters;

- Human services with volunteer workforces;
- Healthcare clinics, nonprofit hospitals and community health centers.

Many insurers will also be reluctant to provide liability coverage in jurisdictions documented to have a high risk for litigation and patterns of being unfavorable to companies or defendants involved in civil litigation.

Conditions will also vary by product line. Sexual Abuse and Molestation Liability and Umbrella/ Excess Liability rates are up significantly. General Liability and Auto are seeing more modest increases. Clients may see rate relief in Cyber Liability and Management Liability coverages.

Insurers will be selective. The funding challenges facing many nonprofits are fueling insurers' concerns about the sector. Significant funding losses can lead to additional governance and operational risk. A nonprofit's financial health will be a primary underwriting consideration. As insurers manage their exposures in the sector, expect thorough and cautious underwriting. Insurers will require organizations to have robust and well-documented risk management and loss control programs. Nonprofits that are skilled at identifying, monitoring and mitigating their emerging risks build credibility and often secure better terms and conditions.

Segmenting can help. Nonprofits with a mix of high- and low-risk programs may benefit from isolating or ring-fencing high-risk activities under different entities or structures where possible.

Nonprofit Trends

| COVERAGE | RATES | AVAILABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|--|-------|--------------|----------|------------------------|---|
| Commercial Auto | ○ | ○ | ○ | ○ | Rates will likely increase, but the rate of increase is expected to slow to single digits for accounts with favorable loss histories. Market conditions will likely remain firm in 2026. |
| Cyber Liability | ○ | ○ | ○ | ○ | Organizations with strong cybersecurity protocols (e.g., use of multi-factor authentication, regular backups, employee training) can expect rates to flatten or decrease modestly. This is due to ample market capacity and competition for business. |
| Directors and Officers Liability (D&O) | ○ | ○ | ○ | ○ | Insurers will compete for quality accounts. Organizations with limited claim activity can expect flat or rate reductions at renewal. Insurers will be more willing to negotiate retentions to retain or win “best in class” accounts. |
| Employment Practices Liability (EPL) | ○ | ○ | ○ | ○ | Nonprofits continue to be vulnerable to lawsuits that arise out of employing staff, including wrongful hiring/firing, discrimination, harassment, breach of contract, emotional distress, and wage and hour law violations. Recent funding cuts leading to layoffs and employee turnover could increase claim activity and impact market conditions in the second half of 2026. |
| General Liability | ○ | ○ | ○ | ○ | Rates are projected to increase 5% to 10%, a more modest rise than in 2025. Risk profile will determine rate, coverage availability and capacity. |
| Professional Liability | ○ | ○ | ○ | ○ | Coverage will be available, but expect greater underwriting scrutiny, more requests for information, higher retentions and stricter terms. |
| Property | ○ | ○ | ○ | ○ | Nonprofits with desirable, well-maintained properties in low-risk areas will see flat to single-digit increases, while those in catastrophe-prone regions or with older buildings will continue to see double-digit rate increases and restricted coverage. Property condition will play a critical role. Poorly maintained structures and buildings with outdated electrical, plumbing or roofing systems will be harder to insure without significant upgrades. |

Source: Alera Group Market Survey

Key:

○ Stable ○ Soft/Softening ○ Hard/Hardening ○ Mixed (Conditions vary significantly based on risk and jurisdiction.)

Nonprofit Trends, cont.

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|-------------------------------------|-------|-------------------|----------|-------------------------------|---|
| Sexual Abuse and Molestation | | | | | Many carriers are pulling back, reducing capacity or no longer insuring organizations that provide high-risk services. Expect rate increases of 15% to 20%. |
| Umbrella/Excess Liability | | | | | Many carriers are restricting limits, reducing capacity and sublimiting exposures in Umbrella layers. There is limited capacity for high-limit Umbrellas and for youth, residential and abuse exposures. Expect a 20% to 30% rate increase. |
| Workers' Compensation | | | | | Nonprofits with good loss histories and risk control programs will likely see flat or slightly decreasing rates. Organizations with more complex risks such as residential care facilities, shelters, in-home health services, rehabilitation facilities and public housing can expect rate increases of 10% or more. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)

Public Entities

OUTLOOK: MIXED

The Property Insurance market is improving.

Overall conditions have shifted from a hard market (characterized by high prices and limited coverage) to a more favorable environment for buyers. Improved conditions are the result of new capital investment and improved profitability after years of steep rate increases. Buyers with favorable risk profiles may see rate reductions and opportunities to negotiate better coverage terms. Not all public entities will see relief. Exposure to natural disasters, a building's condition, accurate property valuations and prior claims will determine coverage availability and drive rate increases or decreases.

General liability rates will increase but at more moderate levels. Conditions will vary depending on the entity's risk profile. Most buyers will see increases in the 5% to 10% range. Well-managed entities with good loss histories may see 0% to 5% renewal increases.

Additional capacity will create more options.

Managing General Underwriters, insurtech, nonstandard insurer startups and established insurers are investing capital in the sector. New competitors are leveraging technology and data analytics to strengthen their underwriting capabilities.

Artificial intelligence (AI) will present risks and opportunities. AI has the power to transform services, efficiency and productivity, but it also introduces data privacy and security risks. Public entity organizations are especially vulnerable due to the vast amounts of sensitive information they manage (e.g., law enforcement actions, medical and tax records, etc.). AI algorithms can

also exacerbate bias, so it is crucial for public entities to ensure AI systems support fairness and inclusivity. Entities often lack the internal technical skills or financial resources to integrate AI with existing systems and workflows, which increases risk. As public entities explore AI capabilities, it is essential to assess how existing insurance policies address the exposure.

Cybersecurity will remain a top concern. Public entities face growing and complex cybersecurity risks, including ransomware attacks, phishing and social engineering, third-party and supply chain vulnerabilities, outdated legacy IT systems, nation-state and geopolitical perils, and AI-powered threats and misinformation.

Claims against law enforcement continue to increase. Public sentiment toward policing practices continues to drive lawsuits and settlement amounts related to wrongful arrest, civil rights violations and excessive force. Higher risk levels for insurers are raising rates for insureds, tightening underwriting requirements and limiting coverage availability. Effective risk management strategies are essential to adequately protect law enforcement and public entities.

Aging infrastructure poses additional risk.

Many public entities are dealing with the deterioration of roads, bridges, water systems and energy grids that have reached or exceeded their service life. Conditions are leading to increased maintenance costs, service failures and safety risks. Addressing these issues will require significant investment at a time when budgets are extremely tight.

Public Entity Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|---------------------------------------|-------|-------------------|----------|-------------------------------|--|
| Commercial Auto | | | | | Anticipate rate increases of 5% to 25%. Increase will depend on the entity's loss history, jurisdiction and risk management practices. Insurers will continue to maintain strict underwriting standards. A clean, well-managed risk will be crucial for securing favorable terms. Expect some coverage restrictions. |
| Cyber Liability | | | | | Capacity is abundant, but underwriters will continue to be selective. Some entities with favorable risk profiles are seeing moderate reductions or flat renewals. Public entities in high-risk categories may still experience increases, potentially in the 5% to 15% range. |
| General Liability | | | | | Rates will continue to push upward, driven by social inflation and rising litigation costs. Anticipate increases of 5% to 10% for average risks and up to 35% for challenging risks. There is capacity, but underwriters will remain cautious and selective. Expect insurers to restrict Sexual Abuse and Molestation coverage. |
| Professional Liability | | | | | Anticipate flat to stable renewal rates for well-managed risks. Entities with favorable risk profiles may see small rate reductions and the opportunity to negotiate better terms. Entities with adverse loss histories or specific high-risk exposures may still face slight increases or stricter terms. Expect insurers to limit coverage for Law Enforcement Liability. It's important for policyholders to have effective systems for reporting, reviewing and addressing incidents of misconduct or excessive force, ensuring transparency and accountability. |
| Property | | | | | Rates will generally decline. Properties without CAT exposure could see decreases from 5% to 10%. Entities with favorable risk profiles may see greater decreases and opportunities to renegotiate policy terms. Well-managed entities in CAT-prone areas may also see some rate relief as a result of increased market capacity. |
| Umbrella/ Excess Liability | | | | | Expect 5% to 35% rate increases, limited capacity and reduced policy limits. Limits exceeding \$10 million are rare. Obtaining high-limit Excess Liability coverage may require working with multiple carriers to build a coverage tower. |
| Workers' Compensation | | | | | Conditions will remain favorable for most buyers. Expect renewal rate changes in the range of -5% to 5%. |

Source: Alera Group Market Survey

Key:

Stable Soft/Softening Hard/Hardening

Real Estate

OUTLOOK: MIXED

Conditions will depend on the line of business and location. Buyers can expect stable to slightly decreasing Property Insurance rates and ample availability in non-catastrophe-prone areas. Liability lines will remain challenging due to rising claims costs and growing litigation. Pricing will continue to move upward but at lower levels than in previous hard-market years.

Concerns grow about insurability. In some geographic areas, the cost of covering predictable losses like seasonal wildfires and floods or chronic claims from mold and roof repairs has made certain risks uninsurable or cost-prohibitive due to frequently recurring losses. Customers are forced to forgo insurance coverage, take on financially unattractive deductibles or choose alternative funding mechanisms such as Captives and Parametric Insurance.

Insurers will be selective. Underwriters are using AI, satellite imagery and sophisticated catastrophe modeling to quantify potential losses and identify specific property-level risks. This information allows them to be more selective in the accounts they write and the coverages they offer.

Expect strict underwriting standards. Many underwriters are going beyond basic property characteristics (location, construction type, age). They weigh specific “secondary” attributes such as roof condition, the quality of equipment fastening, window impact resistance and sprinkler systems. They look at high-risk notifications, adjacent buildings, building

occupancy, maintenance and repair standards, and the client’s track record of following through on insurer risk control recommendations.

Maintain accurate property valuations. Underinsurance has been a significant problem for the insurance industry. Underwriters are increasingly demanding justification for property values to ensure precise replacement costs and avoid coverage gaps in the event of a loss.

Risks continue to evolve. Power grid failures and aging building infrastructure are increasing the risks of structural failures, business interruption and costly repairs. Lithium-ion batteries in electric vehicles, e-bikes and energy storage systems within commercial properties introduce a new fire risk due to the potential for thermal runaway.

Integration of AI and other technologies into operations is introducing new liabilities. AI and new technologies like PropTech, IoT and smart building systems are making commercial real estate more vulnerable to cyberattacks. The technologies create more ways for criminals to attack and give them new tools for scams, all of which can threaten a building’s daily operations.

Risk management is a key consideration. Insurers look more favorably on clients who demonstrate a proven track record for identifying and proactively managing risk across all aspects of their business.

Real Estate Trends

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|----------------------------|-------|---------------|----------|------------------------|---|
| Cyber Liability | ○ | ○ | ○ | ○ | Healthy competition will create favorable conditions for buyers with strong cybersecurity protocols. Expect stable rates with some modest decreases for accounts with favorable risk profiles. As cyber risks intensify and evolve, expect stringent underwriting and requirements for verifiable evidence of cybersecurity measures. |
| General Liability | ○ | ○ | ○ | ○ | Projected rate increases for clean accounts are 5% to 9%, with increases of 20% or more for properties with unfavorable claim histories or location in litigation-prone jurisdictions (e.g., specific areas of California and New York). Capacity will be available for most standard risks, but insurers may be less flexible in the terms they're willing to offer. Options will be more limited for accounts perceived as high-risk, including habitational (apartments, condos, HOAs) and large retail strip centers. |
| Professional Liability | ○ | ○ | ○ | ○ | Well-managed accounts with favorable risk profiles can anticipate flat to low single-digit rate increases at renewal. Accounts with more challenging risk profiles can anticipate rate increases in the low double-digits or more. Expect ample capacity but more underwriting scrutiny as insurers strive to adjust to emerging risks such as use of AI in property valuations and contracts, market volatility, property valuation, and ESG- and climate-related liabilities. |
| Property | ○ | ○ | ○ | ○ | Overall, the market is stable, with flat to single-digit rate increases, and ample availability and capacity. Clients with desirable risk profiles may see moderate decreases. Properties in coastal areas and locations prone to wildfires, earthquakes and severe weather will find the market more challenging. Older buildings and buildings with aging infrastructure, habitational buildings, senior housing and vacant/unoccupied buildings will be more difficult to place. |
| Umbrella/ Excess Liability | ○ | ○ | ○ | ○ | Expect higher deductibles and caps on limits. Insurers will be firm in their pricing and cautious about the coverages and limits they offer. Projected rate increases for accounts with favorable risk profiles and strong risk management are 5% to 15%. Accounts with challenging risk profiles can anticipate 20% to 30% or more increases, with fewer options. |
| Workers' Compensation | ○ | ○ | ○ | ○ | Conditions in this line are good for favorable buyers and expected to remain stable in 2026. |

Source: Alera Group Market Survey

Key:

○ Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



Restaurants

OUTLOOK: MIXED

Some lines of business are improving while others will be challenging. Property and General Liability Insurance rates are easing, with more moderate rate increases and greater coverage availability. Liquor Legal Liability and Umbrella/Excess coverage will likely see higher premiums and potential coverage restrictions due to high litigation costs and large jury verdicts.

Risk profile matters. Restaurants with solid safety records and strong risk controls will be well-positioned to take advantage of improving market conditions and secure coverage at the best terms in more challenging lines of business.

Cybersecurity and data breaches are a growing risk. Restaurants increasingly rely on third-party delivery, mobile ordering and payment systems, and loyalty programs. These services increase vulnerability to ransomware and other cyberattacks. When a data breach involves customer payment information or personal data, it can result in significant financial loss, legal penalties and reputational damage.

Inflation and moderate growth projections are putting pressure on restaurants. Consumers are expected to maintain a cautious approach to dining-out frequency, with a general trend

toward eating out less often and choosing less-expensive restaurants. Tight profit margins can lead some restaurant owners to cut corners on maintenance and safety. Insurers will look closely at restaurant operations to ensure owners are taking the right steps to mitigate risk.

Prevention matters. Insurers will pay close attention to the steps restaurants take to ensure human and property safety. This includes adequate fire suppression systems, kitchen hygiene, updated wiring and plumbing, elimination of trip-and-fall hazards, and protocols for knife safety.

Food safety will continue to be a significant vulnerability. While foodborne illness incidents remain consistent, the frequency and severity of related lawsuits continue to grow. According to research from the National Association of County and City Health Officials (NACCHO), the cost of a single foodborne illness outbreak can range from less than \$4,000 to over \$2.6 million for a single restaurant, depending on factors like outbreak size, pathogen type, lost revenue and lawsuits. A major incident can cause sales to decline by 60 to 80% in the first year alone.

Insurers will play close attention to the steps restaurants take to ensure human and property safety.

Restaurant Trends

| COVERAGE | RATES | AVAIL- ABILITY | CAPACITY | UNDER- WRITING SCRUTINY | COMMENTS |
|---|-------|-------------------|----------|-------------------------------|---|
| Commercial Auto | | | | | The upward trend in rates is expected to continue through 2026. Businesses with favorable risk profiles can anticipate 5% to 15% increases. Businesses with less-favorable loss histories may face double-digit rate increases. Businesses with delivery operations will need to demonstrate and document robust safety programs, including driver training and use of telematics. |
| Cyber Liability | | | | | Rates and availability are stable for restaurants with robust cybersecurity controls. |
| Employment Practices Liability (EPL) | | | | | Due to ample competition, rates are expected to remain stable for most buyers. Restaurants in high-risk jurisdictions (like California, New York, New Jersey and Illinois) or those with a history of claims or high employee turnover may see rate increases in the low double digits. |
| General Liability | | | | | Rates are still increasing but at a more moderate pace. Accounts with favorable risk profiles will see low single-digit increases. Accounts viewed as higher risk may see increases of 5% to 25% or more. |
| Liquor Legal Liability | | | | | Coverage will continue to increase in cost and decrease in availability due to claim severity and a decrease in carriers willing to offer protection. |
| Property | | | | | The level of rate increase or decrease and availability will depend on risk profile. Proximity to catastrophe-prone areas and property condition will be major factors. |
| Umbrella/ Excess Liability | | | | | Expect continued rate increases of 8% to 15% for moderate risks and 10% to 20% for higher-hazard restaurants (e.g., tableside cooking, buffets, late-night operating hours, and liquor service). Expect underwriting selectivity and tighter underwriter standards. There is a range of insurance programs specifically for restaurants, with coverage including high-limit Umbrella/Excess coverage. |
| Workers' Compensation | | | | | Rates and availability are stable. Increasing labor costs will impact premiums, which are calculated based on payroll. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



Transportation and Logistics

OUTLOOK: MIXED

Claims continue to drive up insurance costs. Frequency and per-claim costs are leading to higher insurance costs overall. The trend is expected to continue in 2026.

Market options are changing. Several insurers have exited this sector, which will put pressure on capacity. There are also new entrants in the marketplace — mainly managing general agents who are looking to leverage technology and offer specialized solutions but only for niches that have proven profitable. New capacity is unlikely to reduce rates due to high claims costs, social inflation and nuclear jury verdicts.

Anticipate rigorous underwriting. Underwriters have defined parameters for the business they will write. If an account doesn't fit within the "underwriting box," many will simply avoid assuming the risk. Underwriters will assess Department of Transportation Safety Measurement System (SMS) alerts), loss experience, driver roster quality, equipment age and maintenance, travel radius and operational experience. Insurers will also look closely at Inspection Selection System (ISS) scores.

Risk management is paramount. Given the risk potential, underwriters will look closely at a business's commitment to safety and track record for managing risk. Companies that fail to act on insurance company safety recommendations will find it increasingly challenging to secure coverage. Insurers will

also consider the strategies companies have to protect their entities against aggressive plaintiff litigation. Plaintiffs' attorneys often look beyond the driver's actions and focus on flaws in the company's overall procedures, such as careless hiring practices, excessive overtime hours and lack of safety training programs.

Driver criteria will be stricter.

As transportation companies grapple to find qualified drivers, they will also face tougher underwriting criteria and more underwriter scrutiny of driver rosters. For example, some insurers will require hair samples for drug testing prior to drivers being hired.

Telematics and cameras will be the norm.

Implementing these systems is becoming standard to secure insurance, lower premiums, manage driver behavior and defend against fraudulent claims.

Cargo theft is on the rise. According to Varisk CargoNet, cargo theft activity in the U.S. and Canada reached unprecedented levels in 2024, with 3,625 reported incidents — a 27% increase from 2023. The trend continued into 2025, with a 33% increase in Q2 2025 compared to the same quarter in 2024. Logistics companies are losing approximately \$2 million in stolen goods annually, a trend that is expected to push up Cargo Insurance costs in 2026.

Transportation and Logistics Trends

| COVERAGE | RATES | AVAIL-ABILITY | CAPACITY | UNDER-WRITING SCRUTINY | COMMENTS |
|------------------------------|-------|---------------|----------|------------------------|--|
| Cargo | ● | ○ | ○ | ● | Accounts with favorable risk profiles can expect stable rates due to competition and capacity. Companies with loss histories will experience more underwriting scrutiny and potentially double-digit rate increases. |
| Commercial Auto | ● | ○ | ● | ● | Nuclear verdicts are commonplace in the industry, even for low-impact collisions, which is driving an increase in Auto Liability premiums across the board. Terms may be more restrictive. Physical damage monoline policies will be very difficult to obtain. |
| Cyber Liability | ○ | ● | ○ | ○ | Despite competition for this business, rates will remain relatively stable, and underwriters will continue to focus on accounts with strong cybersecurity measures. |
| General Liability (Premises) | ○ | ○ | ○ | ○ | Insureds operating in high-litigation jurisdictions may see rate increases in the 5% to 10% range. |
| Property | ● | ○ | ○ | ○ | Rate decreases of 5% to 15% are possible, due to increased competition and new capacity entering the market. Properties in catastrophe-prone areas are likely to see 10% to 20% rate hikes. |
| Warehouse Legal Liability | ○ | ○ | ○ | ○ | Factors that will impact rates include loss history, risk management protocols, warehouse location and the commodities stored. |
| Umbrella/ Excess Liability | ● | ○ | ● | ● | Expect some limiting of capacity and 5% to 20% rate increases, potentially higher for companies considered high-hazard or with poor loss histories. |
| Workers' Compensation | ○ | ○ | ○ | ○ | This will continue to be a desirable line of business for insurers. Rates will remain stable in most states. |

Source: Alera Group Market Survey

Key:

● Stable ● Soft/Softening ● Hard/Hardening ● Mixed (Conditions vary significantly based on risk and jurisdiction.)



Thank you to the Alera Group colleagues who collaborated on this year's *Market Outlook*

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*STATISTICS ACCURATE AS OF SEPTEMBER 30, 2025.

SOCIAL MEDIA



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A man in a dark suit is walking away from the camera on a modern, brightly lit walkway. The walkway has a textured, metallic surface and is flanked by glass railings. In the background, two other people are walking in the same direction. The scene is overlaid with a vibrant, multi-colored geometric pattern consisting of overlapping triangles in shades of blue, cyan, and magenta. The overall atmosphere is futuristic and professional.

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