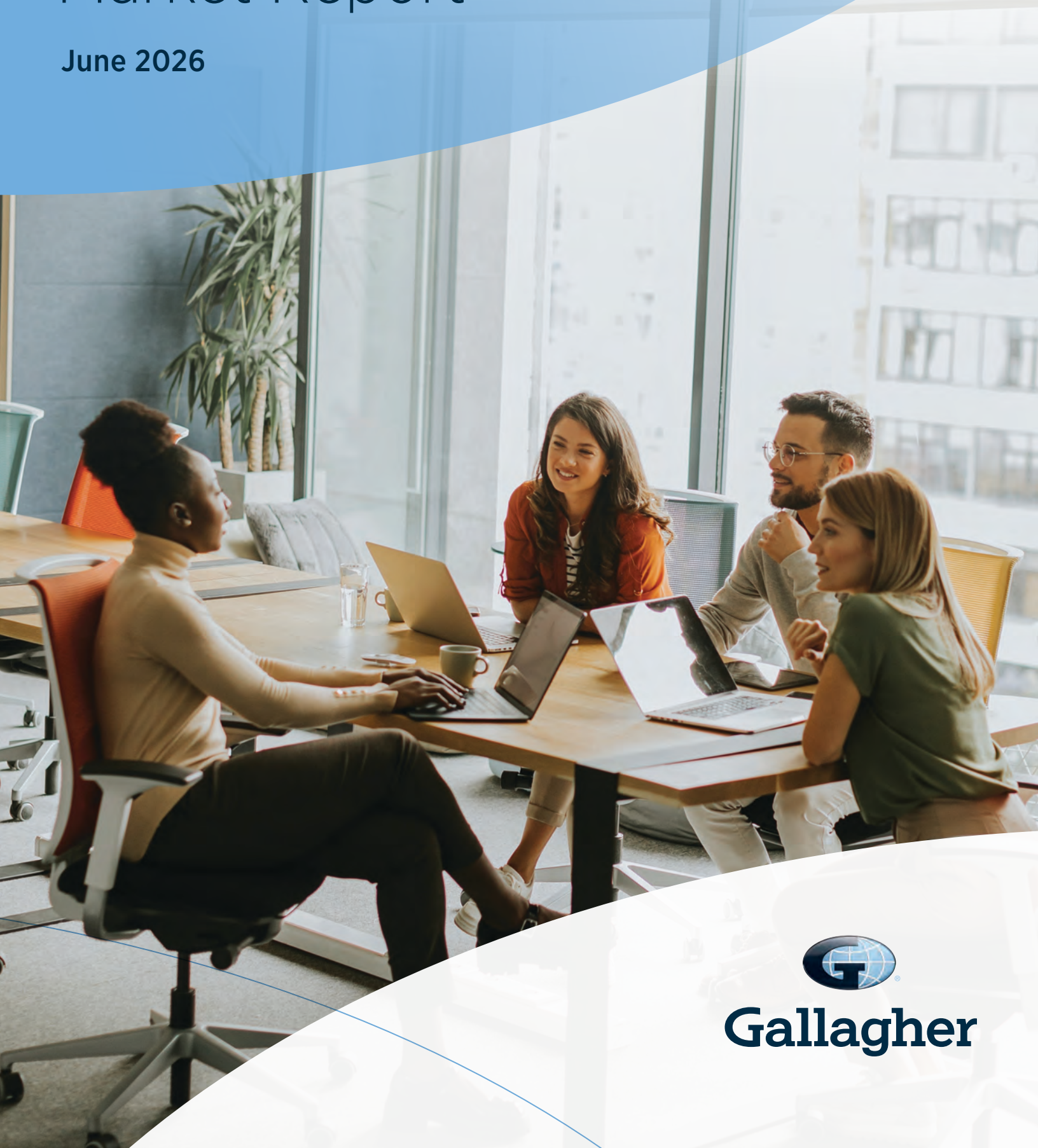


# Insurance Market Report

June 2026



**Gallagher**



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# 2026 Insurance Market: Strategic Opportunities Amid Moderating Conditions

## Market Conditions for Buyers:

The commercial insurance market in 2026 reflects strong capital positions and heightened competition across some lines, though the pace of improvement is clearly moderating. Several years of meaningful rate increases and favorable underwriting results have shifted pricing momentum — most notably in property — as reinsurance availability improves and carriers' appetites expand selectively. Buyers, particularly well-performing accounts, now experience increased capacity and targeted downward rate pressure, while more challenged risks remain subject to careful underwriting scrutiny.

This period does not signal a widespread return to pre-hard-market conditions. Although competition grows, underwriting discipline remains strong and pricing results increasingly vary based on loss history, structure, industry and risk quality.

Insureds benefit by clearly defining their risk profile, demonstrating consistent performance, and aligning program structure with carrier appetite. Current conditions may create opportunities to improve terms and pricing for certain accounts, but the market can change quickly. A disciplined, forward-looking approach — balancing near-term gains with long-term strategy — remains essential as conditions continue to evolve.

Taken together, buyers now operate in a market with more variable renewal outcomes depending on risk profile, exposure, and size — and one that remains increasingly nuanced. This nuance best illustrates how market conditions are developing in 2026.

## Key observations:

### Property Pricing Stabilizes

Property prices have fallen from recent highs but are still above long-term averages for most risks. Rate decreases continue to be most noticeable for high-performing accounts, while further widespread declines could test carriers' discipline — especially if catastrophe activity picks up again or loss severity trends worsen.

### Casualty Lines Remain Firm Overall

Casualty lines remain firm overall, with renewal premium increases in the low single-digit range, driven by severity trends and litigation dynamics. Outcomes continue to vary by class, structure and loss experience.

Workers' compensation remains one of the more competitive segments, benefiting from favorable loss trends and ample capacity, though margins are narrowing.

### Financial Lines Remain Competitive

Cyber remains competitive as capacity increases and loss experience stabilizes, while D&O seems closer to the bottom of the pricing cycle and is becoming more segmented by risk quality, leverage and capital markets exposure. Broader macroeconomic conditions, claims development and volatility will play a significant role in determining whether these lines start to change direction.

# Top Five Strategic Moves for 2026

## 1. Be Selective with Multi-Year Rate Commitments

As market conditions stabilize and competition increases, multi-year rate commitments can offer budget certainty, but they require careful evaluation. Buyers should view these arrangements as strategic trade-offs, weighing price certainty against flexibility. Multi-year commitments are most effective when accompanied by meaningful economic benefits, clear structural protections and confidence that the program will remain aligned with the organization's risk profile over time. Without those elements, preserving annual renewal optionality may be the more prudent choice.

## 2. Reinvest Savings to Strengthen Risk Quality

For insureds benefiting from rate moderation, reinvesting savings into risk improvement remains one of the most effective long-term strategies. Enhancements to safety programs, property protection, fleet management and cyber controls directly support underwriting confidence and help differentiate best-in-class risks in an increasingly segmented market.

## 3. Fine-Tune Program Structure

As market flexibility grows, buyers should review program design, with a focus on efficiency and resilience. This involves assessing limits, retentions, layering strategies and coverage definitions. In property, reconsidering deductibles and retention levels has become more important as pricing stabilizes, while casualty and financial lines continue to favor well-structured approaches aligned with carriers' appetites.

## 4. Use Alternative Risk Transfer Strategically

Captives, parametric solutions and blended or multiline structures can add value, especially for catastrophe-exposed property, volatile risks, or excess layers where traditional capacity is limited. These tools work best when integrated into a broader, long-term risk financing strategy rather than used solely for short-term cost relief.

## 5. Prioritize Durable Carrier Relationships

In a more competitive market, it can be tempting to focus solely on near-term savings. However, long-term outcomes still favor insureds with strong, credible carrier partnerships. Transparent communication, consistent data quality and ongoing engagement on risk improvement help maintain access to capacity as market conditions tighten.

In this environment, the best results still come from strategic partnerships — brokers leveraging market expertise, clients actively managing risk and carriers deploying capital with discipline. By adopting a balanced, long-term approach now, buyers can gain near-term benefits while preparing their programs for longevity through future market cycles.

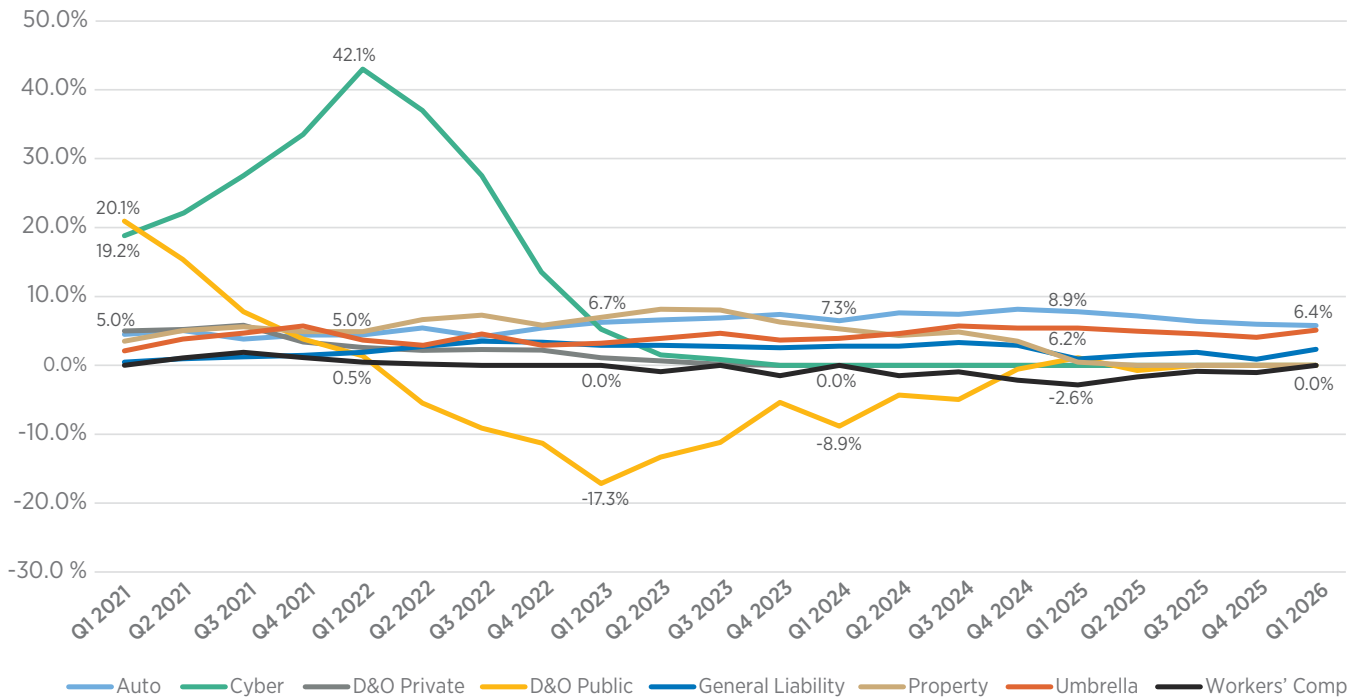
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Head of Broking & Market Relations

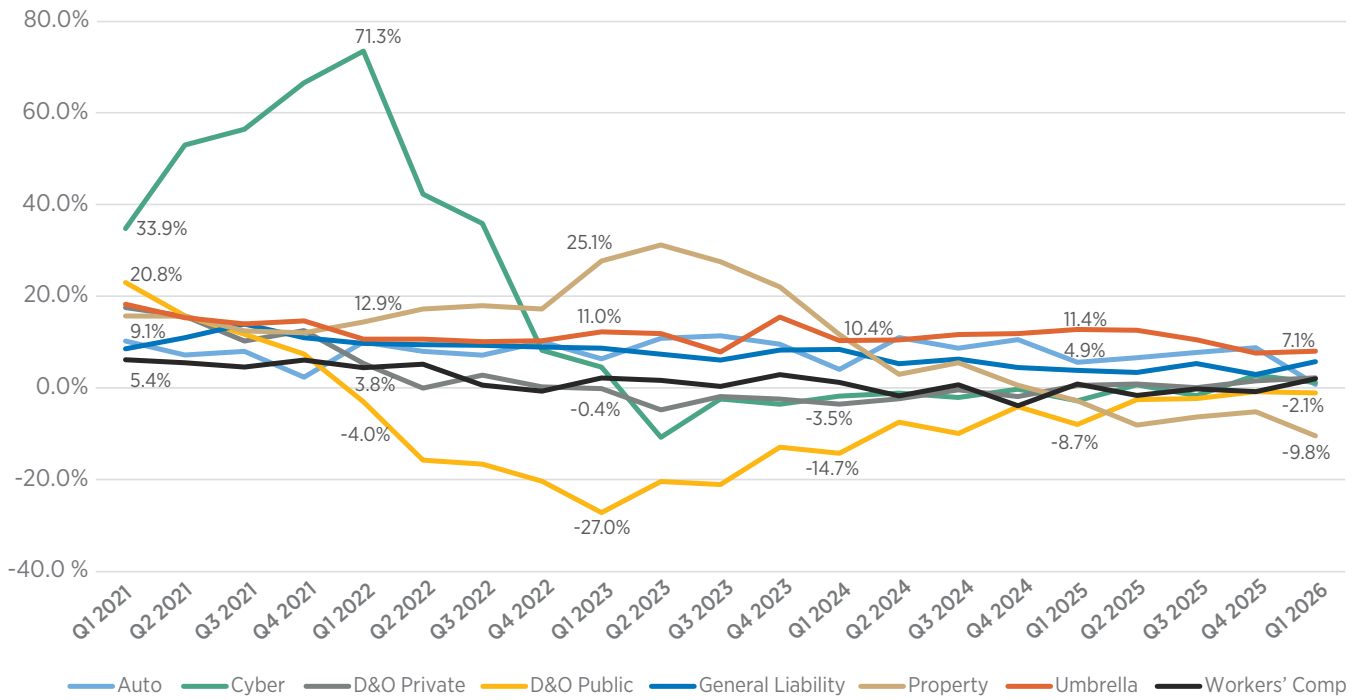
**Linton B. Puckett**

Vice President, Market Relations Leader

### Median Premium Change by Line of Coverage



### Average Premium Change by Line of Coverage



# Property

The property insurance market continues to show moderating conditions, with overall rate moderation and reductions most evident for well-performing accounts, while outcomes remain highly segmented by loss experience, CAT exposure and program size. Current conditions reflect improved reinsurance availability, stronger carrier profitability and additional capacity entering selected parts of the market.

## Pricing & Market

- Rate reductions are most common for favorable risks, while poorer-performing or catastrophe-exposed accounts may still see flat to higher outcomes.
- Future rate movement remains dependent on loss activity and carrier discipline.
- Competition has improved in parts of the market; however, catastrophe-exposed and larger programs continue to experience more variable and, in some cases, tighter conditions.
- Single carrier placement is experiencing slightly different results depending on risk profile and level of competition.

## Capacity Expansion

- Capacity broadened significantly for small- and mid-sized property placements, including the introduction of new facilities and increased nonadmitted alternatives.
- Broker-led automatic capacity platforms continued to expand, giving insureds notable competitive advantages for accounts with the best risk profiles.

## Catastrophe Losses & Market Impact

- Global insured catastrophe losses remain elevated, driven primarily by wildfires and severe convective storms.
- The 2025 Atlantic hurricane season produced no United States landfalls, bolstering coastal carrier profitability.

## Reinsurance Conditions

- The Jan. 1 reinsurance renewals delivered 15%-20% risk adjusted rate decreases for loss-free US property CAT programs, while loss-impacted programs saw -5% to flat.
- Improved reinsurance conditions have lowered carriers' cost of capital and supported competitiveness in parts of the primary market.

## Terms, Conditions & Structure Optimization

- Improved deductibles, expanded line sizes and more efficient program designs became attainable.
- Buyers increasingly benefited from restructuring programs to eliminate incumbent anchoring and capture market-driven pricing advantages.

## Parametric & Alternative Solutions

- As traditional capacity returned, parametric products became less favored but remained valuable for hard-to-model exposures and highly concentrated risks.

## Valuation & Construction Trends

- Construction costs rose approximately 3% quarter-over-quarter — less than expected — but valuation integrity remains a core underwriting concern.

## Market Outlook

### Market Rate Conditions

- Current conditions may support savings and improved terms for certain accounts, depending on risk profile and market conditions.
- While rate decreases are occurring for many well-performing accounts, **a meaningful portion of renewals remain flat to up**, consistent with the segmented nature of the market.

### Carrier Strategy Divergence

- Market participants may increasingly diverge between profitability-focused carriers that hold firm on pricing floors and aggressive, growth-oriented carriers willing to expand lines and drop pricing to gain share.

### MGA Capacity Growth

- New property MGAs are entering the market, increasing capacity in selected areas but also requiring buyers to evaluate financial stability and long-term claims-paying strength.

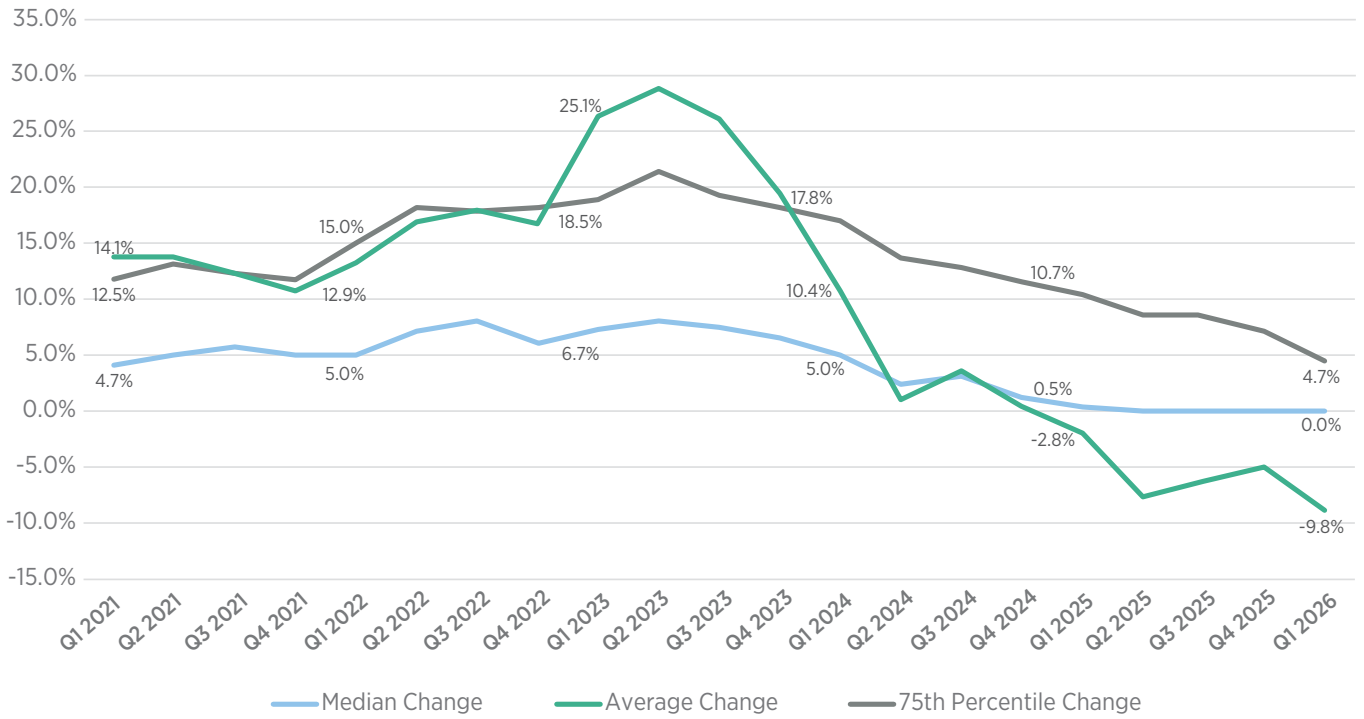
### CAT Season Uncertainty

- A major US hurricane landfall or a significant convective storm year could disrupt current pricing trends.

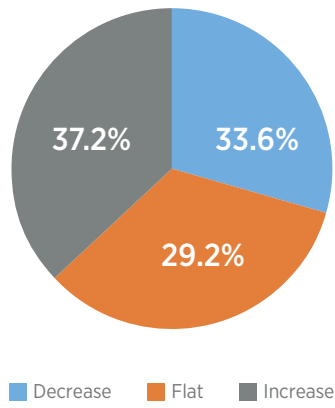
### Buyer Opportunities

- Reinforcing risk resiliency by investing savings into mitigation, loss control and business continuity.
- Optimizing program design through revised limits, deductibles or standalone placements for best-in-class locations.
- Revisiting valuations to maintain alignment with underwriting expectations.

### Property Premium Change



### Q1 2026 property Gallagher - US clients



# Casualty

## Market Overview: Casualty Remains Challenging

Although broader commercial insurance conditions have eased, casualty lines still face persistent challenges. Increasing loss costs, unfavorable reserve development, and intensifying litigation risks continue to pressure pricing and underwriting discipline. Ongoing underwriting scrutiny remains a key feature of the market, making strategic negotiations important. Creative risk-financing structures are critical to mitigating market challenges.

## Key Factors Influencing the Market

### Social Inflation and Litigation

Social inflation and litigation volatility — including large verdicts, expanding liability theories, and third-party litigation funding — continue to drive up loss costs beyond overall inflation. Despite recent tort reform efforts in states like Florida and Georgia, insurers remain cautious. Reserve adequacy has become a primary concern.

## Insights by Line of Coverage

### Commercial Auto

This line remains the most loss-prone in casualty insurance, driven by higher repair costs, increased litigation and the impact of tariffs on auto parts. Carriers are carefully monitoring fleet safety programs and telematics data, with tighter underwriting reviews.

### General Liability

General liability renewal pricing remains modestly up on average, with stronger increases in higher-risk segments such as multifamily real estate and manufacturers of challenging products. Adverse reserve development and social inflation are prompting carriers to reassess the adequacy of their pricing.

### Umbrella and Excess Liability

Lead umbrella rate increases continue to rise, now at 7.1%, with \$5 million to \$10 million lead limits becoming standard. Although the excess market has stabilized somewhat, capacity remains limited, especially for complex risks. Some new entrants are expanding options in mid- to high-excess layers, but underwriting remains cautious.

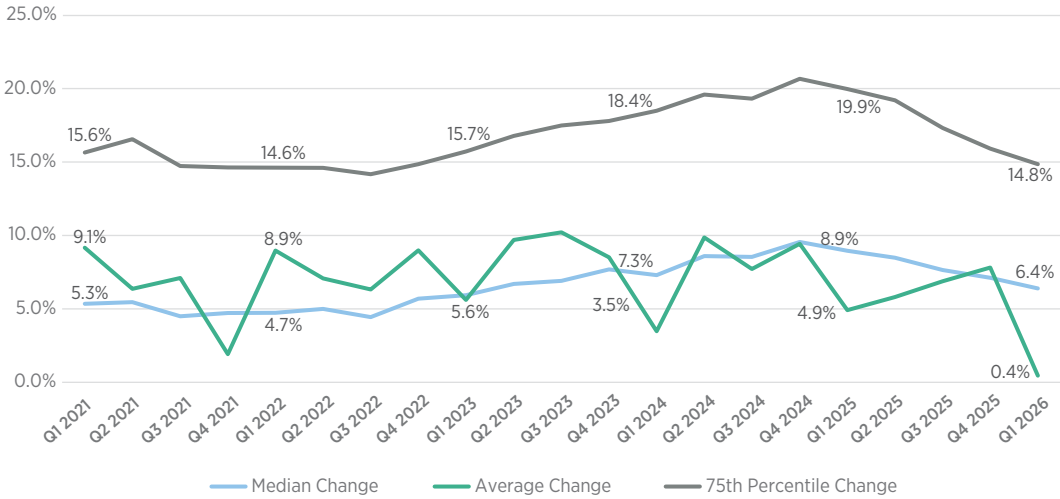
### Workers' Compensation

In the first quarter of 2026, workers' compensation remains relatively stable, with renewal changes typically in the low single-digit range, though outcomes vary by jurisdiction and loss experience. This represents a notable shift from 2025 trends. Its role in offsetting reserve shortfalls is declining, and carriers are closely monitoring medical inflation and wage growth.

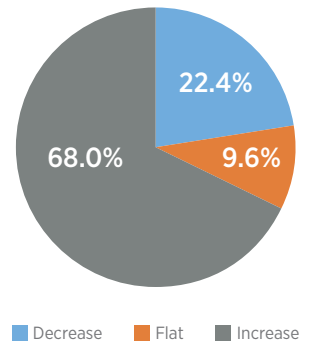
## Emerging Risks & Exclusions

Insurers are actively adding exclusions for per- and polyfluoroalkyl substances (PFAS), assault and battery, human trafficking, and abuse or molestation — even for clients without direct exposure. AI-related liability, nanotechnology and autonomous systems are under increased scrutiny, with potential coverage implications across multiple lines.

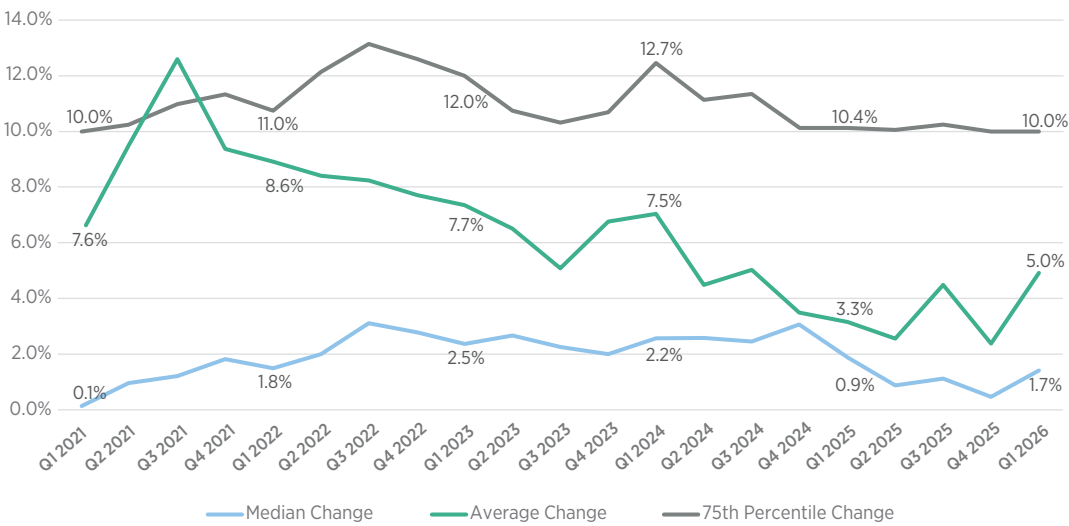
### Automobile Premium Change



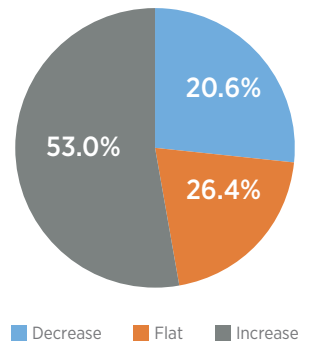
### Q1 2026 commercial auto Gallagher - US clients



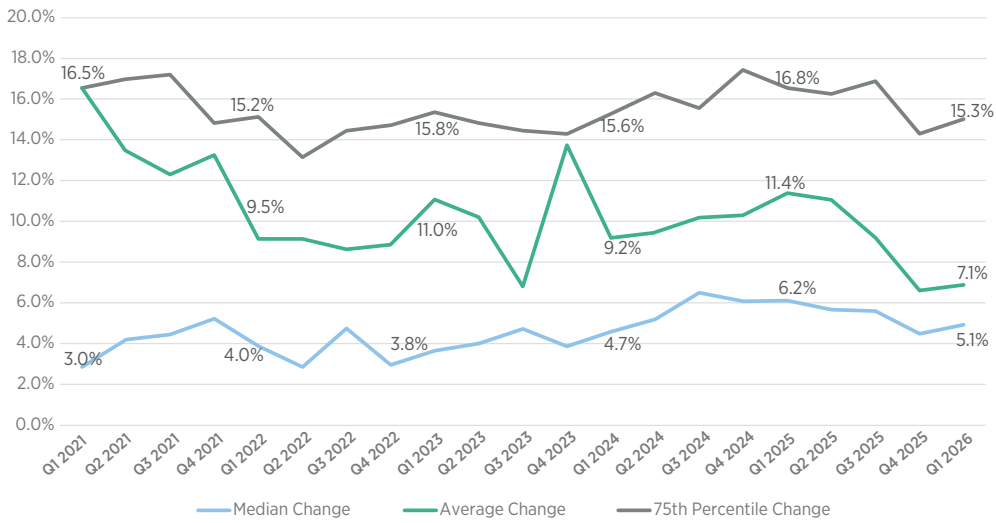
### General Liability Premium Change



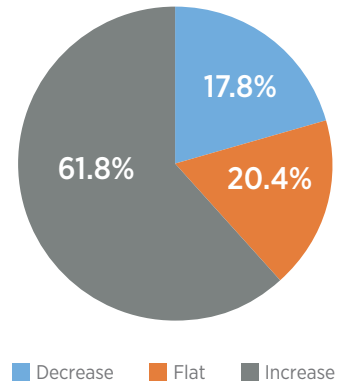
### Q1 2026 general liability Gallagher - US clients



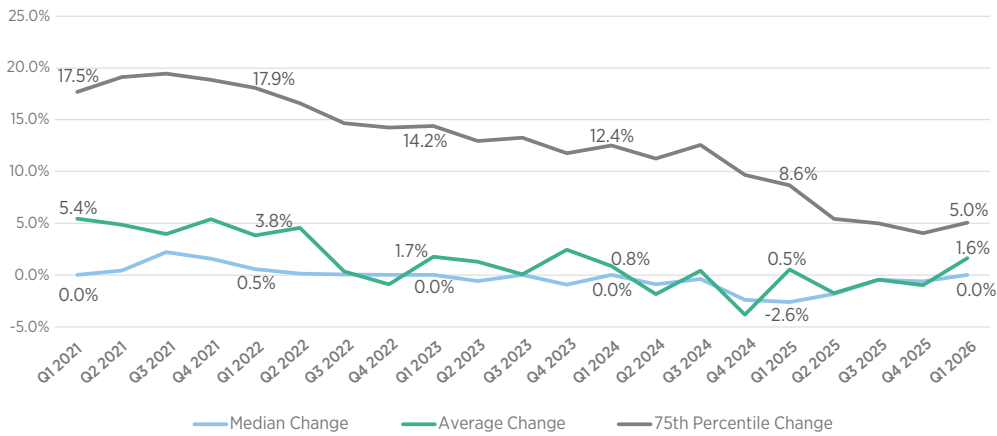
### Umbrella Premium Change



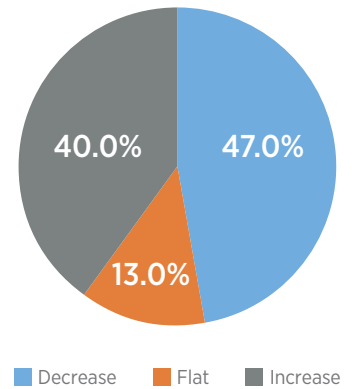
### Q1 2026 umbrella Gallagher - US clients



### Workers' Compensation Premium Change



### Q1 2026 workers compensation Gallagher - US clients



# Directors & Officers (D&O)

## Market Recap

The Directors & Officers (D&O) insurance market has remained competitive, with ample capacity and improving terms for many organizations. At the same time, there are early signs of potential stabilization, as outcomes are becoming more differentiated while underwriters respond to evolving risk trends and economic pressures.

## Market Conditions Stay Favorable

The D&O landscape remains competitive, especially for clients in lower-risk industries and with good claim experience across both public and private companies. Carriers continue to deploy robust capacity, and many organizations have secured lower premiums, reduced retentions, and broader coverage terms, though outcomes are increasingly differentiated by risk profile.

## Public company D&O

With IPO activity still slow relative to historical averages, insurers fiercely competed for renewal business. Established carriers tried to keep terms steady and offer additional coverage enhancements, while newer entrants continued to offer aggressive pricing to grow market share. The slowdown in the highly competitive excess layers began to subside by midyear as minimum premiums began to cap out for the limits being provided. Side-A capacity was plentiful, enabling program optimization. Even with high competition, insurers began tightening their stance on underpriced risks.

## Private company D&O

Private companies experienced one of the most competitive environments in years. MGA platforms and new facilities have increased capacity for all coverages found under a private D&O policy. While claim frequency has remained manageable, carriers have raised concerns and continue to monitor employment practices liability (EPL), cyber exposures, regulatory inquiries and insolvency issues.

## Key Trends that Shaped 2025

- **Artificial intelligence gains attention** — AI-related governance, data integrity and disclosure practices have become areas of increased underwriting focus.
- **Economic pressures and corporate restructuring** — Tighter capital markets have caused layoffs, restructurings and bankruptcies, all affecting D&O exposure.
- **Regulatory scrutiny remains high** — ESG disclosures, cyber reporting rules and technology-related risks continue to be key areas of regulatory focus.
- **Litigation trends** — Securities class-action filings remain close to long-term averages, with technology and biotech firms leading the activity. Settlements remain at historically high levels.

## What's Ahead

D&O pricing appears broadly stable, with some insureds still seeing modest decreases. This stability persists even as the overall risk environment grows more complex. Market conditions in the first quarter of 2026 suggest that abundant carrier capacity and competition have helped offset some upward pressure from rising claims severity and emerging risks. Retentions have generally remained steady, and terms continue to expand for some insureds.

## **Risk Themes for 2026**

- AI-related disclosure risk
- Shareholder litigation pressures and claim severity
- Economic and geopolitical volatility
- Rising insolvencies and bankruptcies
- IPO activity
- Regulatory and enforcement risk
- ESG, DEI and social policy backlash

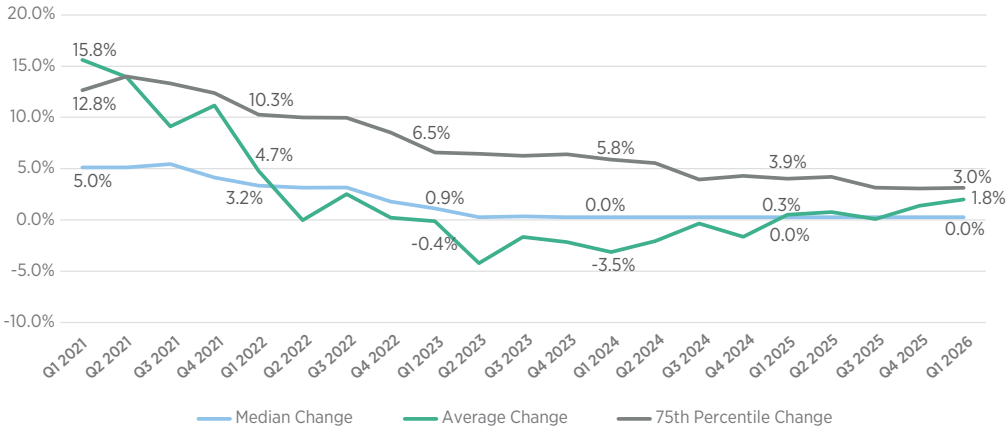
## **Strategic Considerations for 2026**

- Consider expanding coverage and Side-A protection
- Reevaluate retention levels
- Assess opportunities for higher limits
- Use analytics in negotiations
- Engage early with underwriters on AI governance and financial resilience
- Entity investigation coverage
- Underwriter coverage for IPOs

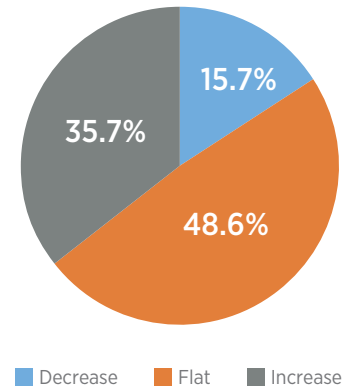
## **The Bottom Line**

D&O conditions remain competitive, but the market is gradually stabilizing as carriers respond to evolving risks — especially AI-related governance, disclosure practices and economic uncertainty.

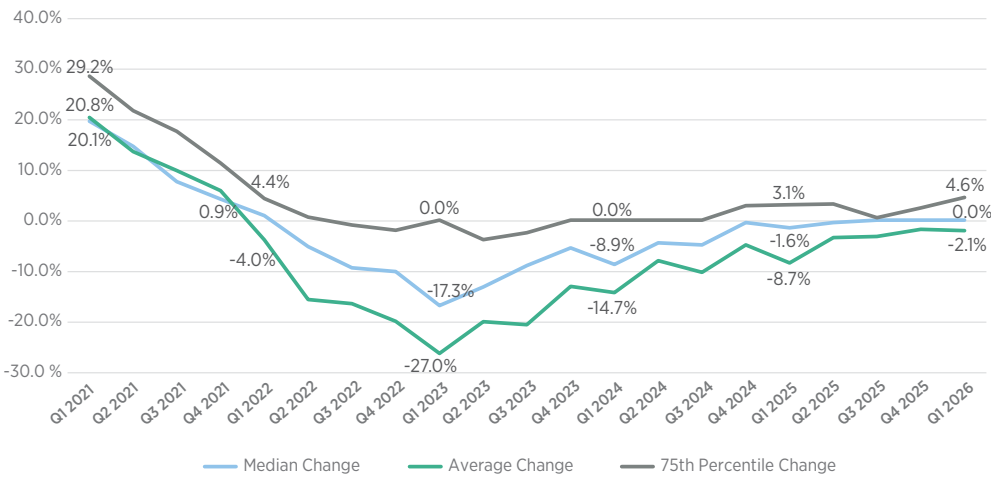
### Directors & Officers Private Premium Change



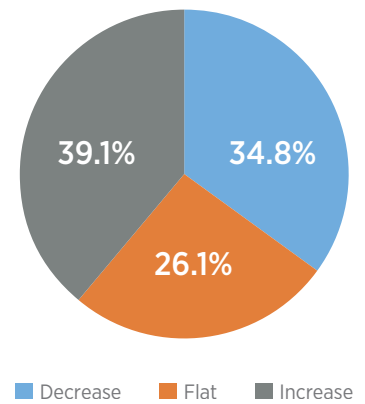
### Q1 2026 D&O private Gallagher - US clients



### Directors & Officers Public Premium Change



### Q1 2026 D&O public Gallagher - US clients



# Cyber Insurance

## Cyber Market Softens Amid Rising Threats

The cyber insurance market remains competitive in the first quarter of 2026, with abundant capacity and strong competition in selected areas. Recent average premium change data suggests moderating pricing pressure across much of the market, even as individual renewal outcomes continue to vary by risk profile.

Despite improved market conditions, underwriting discipline remains selective. Outcomes continue to vary by industry, security maturity and loss history. Healthcare and other data-intensive sectors face greater scrutiny due to elevated claims activity and regulatory exposure.

While the market has softened, most cyber insurance carriers continue to expect certain underwriting standards. Insureds that clearly demonstrate strong controls, governance and incident response planning continue to achieve the best results.

## Pricing and Capacity

Pricing remains stable across most industries, with modest rate reductions available for well-performing accounts. Capacity continues to expand, supported by both traditional carriers and MGA platforms, though deployment remains selective in higher-risk sectors.

Competition remains strongest on primary placements, where insurers are actively deploying capital. Retentions and limits are generally holding steady, with selective improvements available for accounts that meet underwriting standards.

## Reinsurance and Market Support

Reinsurers continue to support cyber market stability through proportional reinsurance, insurance-linked securities and other capital market solutions. These structures help carriers manage volatility and aggregation risk while sustaining overall capacity.

Advanced modeling tools, including artificial intelligence and machine learning, are increasingly used to evaluate systemic exposure. While these tools improve portfolio oversight, they also contribute to more targeted underwriting scrutiny for higher-risk profiles.

## Loss Trends and Risk Focus

The cyberthreat landscape continues to evolve, even as insured loss experience has been mixed, contributing to differentiated underwriting outcomes. Ransomware remains a primary concern, though loss frequency has declined as carriers enforce stronger baseline controls and insureds improve security maturity.

Non-breach privacy claims have emerged as a significant loss driver. Website tracking and data collection practices are generating costly litigation, prompting many carriers to impose exclusions unless compliance frameworks are clearly documented.

Artificial intelligence introduces additional governance, fraud and operational considerations. Carriers are monitoring AI-related operational failures, data bias claims and deepfake-enabled fraud, which may increase underwriting caution across programs.

## Regulatory Environment

The US regulatory environment remains fragmented across federal and state jurisdictions. Federal reporting requirements remain strict in 2026, while states continue to advance privacy, cybersecurity and AI-related legislation.

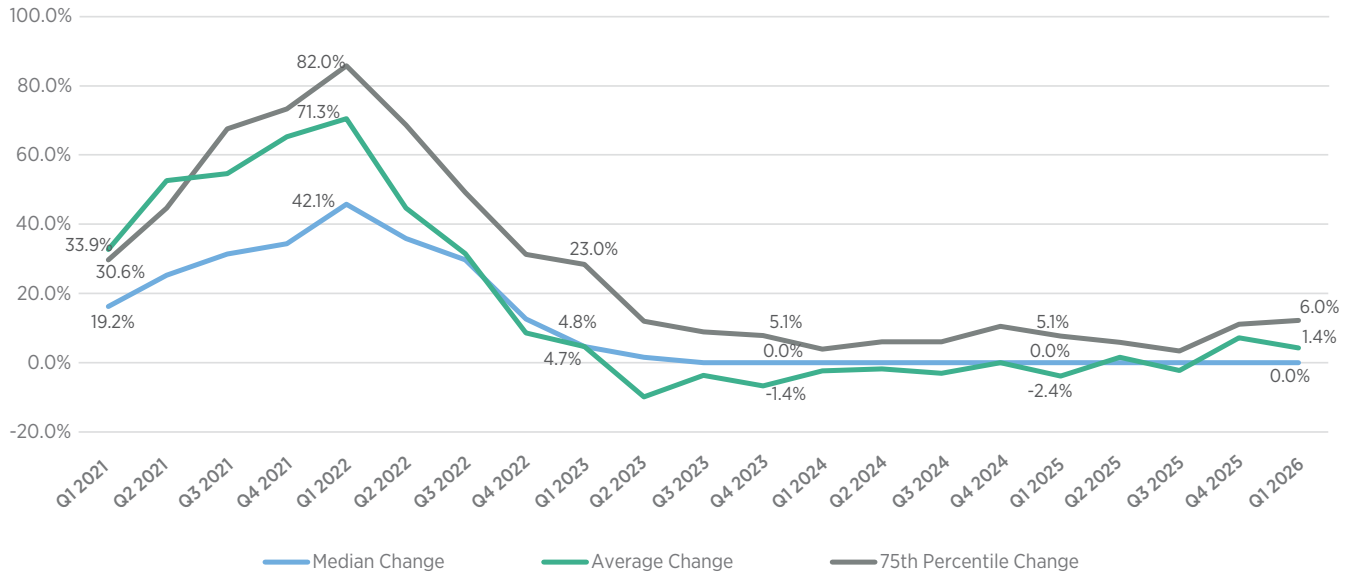
As regulatory expectations increase, insurers are placing greater emphasis on governance, disclosure practices and incident response readiness. Alignment with recognized frameworks, such as NIST, continues to support underwriting confidence.

## Looking ahead in the Cyber Insurance Market

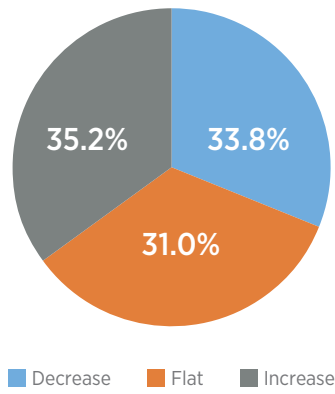
Systemic risk and contingent business interruption remain important areas of focus. Many carriers are narrowing coverage triggers and requiring direct contractual relationships with affected vendors. These changes may create coverage gaps for complex supply chains.

As a result, policy language remains as important as pricing in many renewal negotiations.

### Cyber Premium Change



### Q1 2026 cyber Gallagher - US clients



## About the Authors

Linton “B.” Puckett is responsible for the leadership of Gallagher’s National Market Relations practice. In this role, B. is responsible for developing and managing strategic relationships with carriers and intermediaries in Gallagher’s US Brokerage division. B. leads Gallagher SmartMarket, our platform that couples data with a dedicated engagement model to enhance carrier relationship strategies. B. also leads Gallagher’s Client Advantage strategy, which partners with carriers to bring proprietary products and solutions to clients.

Mark Stachura is responsible for leading market relations and placement functions for Gallagher’s US retail brokerage division.

## About Our Data

Gallagher Drive® is our premier data and analytics platform that combines market conditions, claims history, and industry benchmarks to provide our clients and carriers with the real-time data they need to optimize risk management programs. When used as part of **CORE360**®, our unique, comprehensive approach to evaluating clients’ risk management programs, Gallagher Drive® generates meaningful insights to help them make more informed risk management decisions, optimize capital use and identify the top markets with the best solutions for their risks.



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