Gallagher

10 YEAR
SURVEY ANNIVERSARY

D&O IN 2027

Underwriters Weigh In™ Survey

September 2026

Underwriters Weigh In™ Survey

Good brokers are first and foremost advocates for their clients. As part of this advocacy, good brokers also listen to their insurance carrier partners to better understand their view of the world, including their current appetite for risk. Gallagher is in conversation with insurance carriers every day. For this publication, we surveyed more than 35 insurance carriers with whom we place public D&O insurance worldwide. We asked questions about the current risk environment, risk appetite and future pricing expectations.

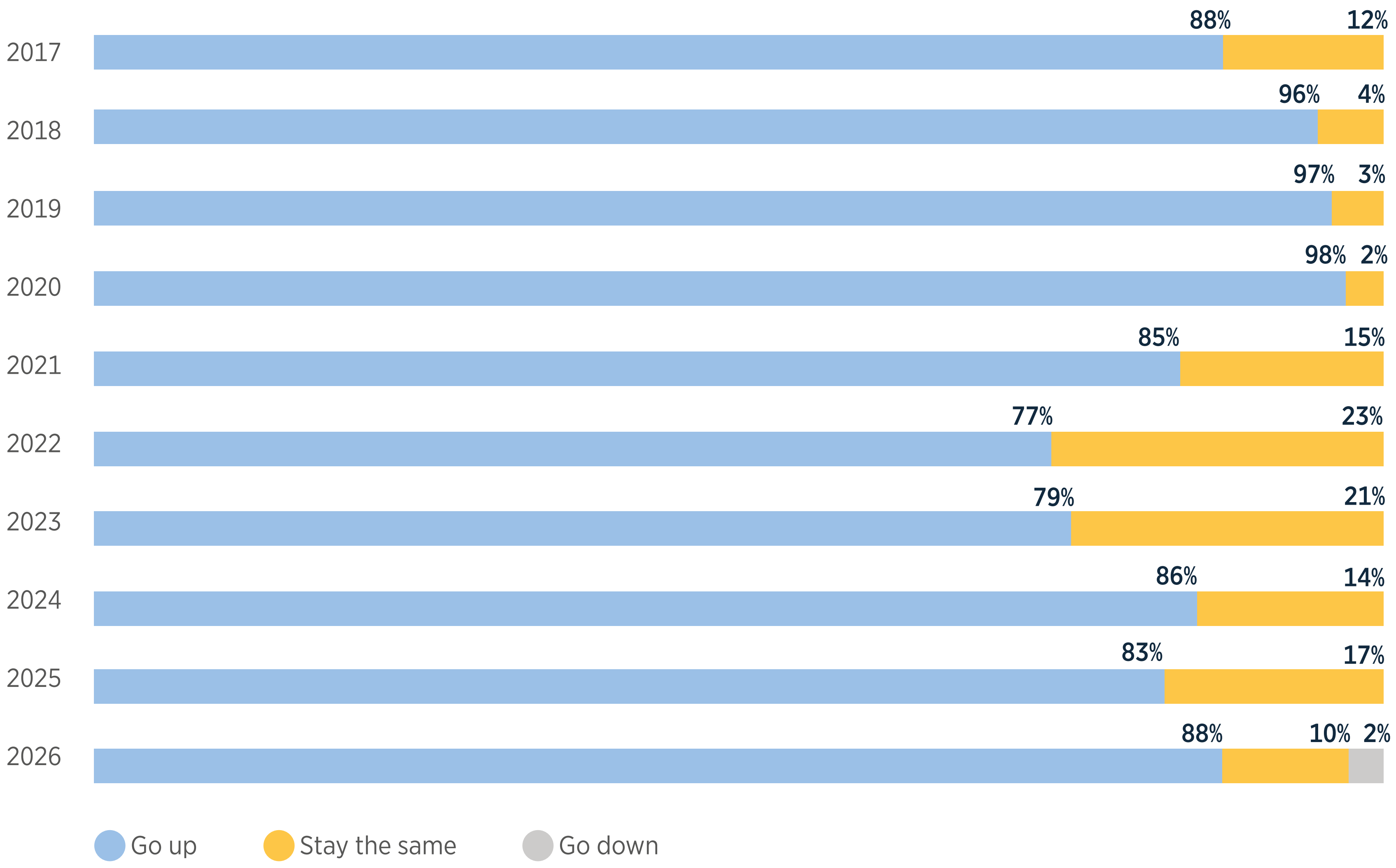
As we have in past years, we asked underwriters to share their thoughts regarding their answer to each question if they wanted to do so.*

*The following comments were provided by participating underwriters as part of this survey and reflect their individual perspectives. These views do not necessarily represent Gallagher's views.

Q1

Is D&O risk going up?

2026 survey results: For yet another year, most underwriters think D&O risk is increasing.



Gallagher Commentary

It is interesting (and possibly perplexing) that for the first time since we started doing this survey ten years ago, the percentage of underwriters who responded saying they think D&O risk is decreasing is not zero.

Q1 Select D&O Underwriter Survey Respondent Quotes

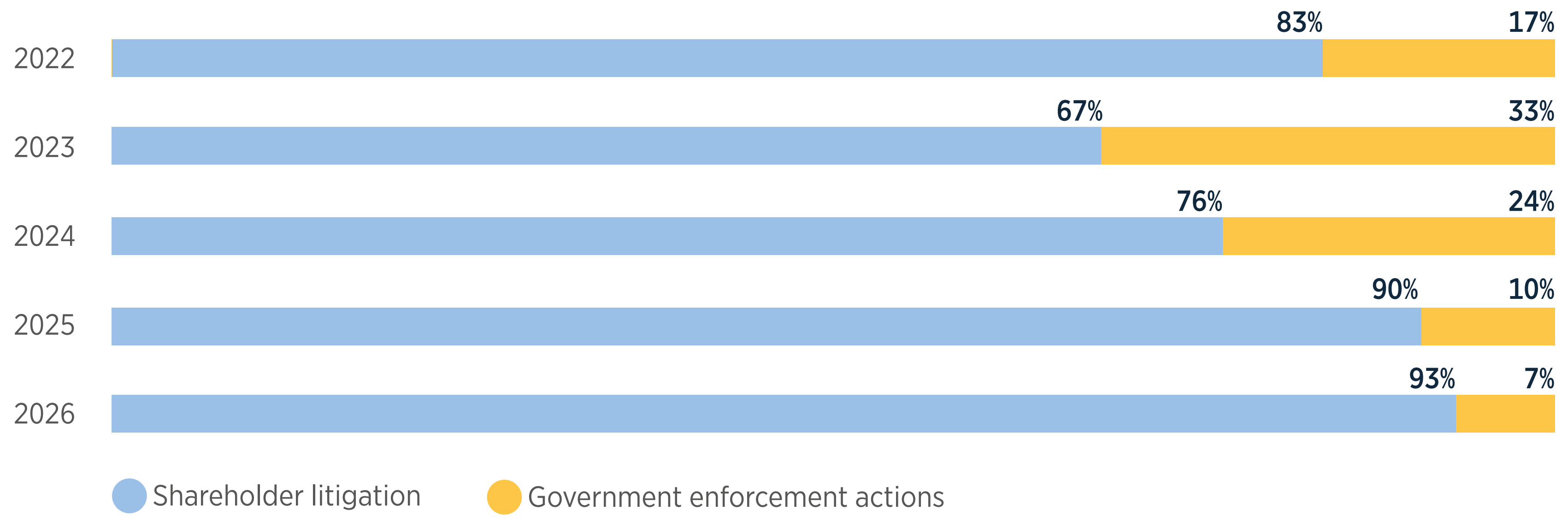
- "Seems to be a notable deviation in the trend for Sec 11 cases vs '34 Act claims."
- "When parts of the AI bubble related to data centers pop because of delays, many are going to be licking their paws."
- "Tech valuation growth, specifically with AI exposure, has been staggering."
- "Defense cost inflation, insured-friendly case law developments and a dynamic disclosure environment against all-time high valuations all contribute to significant increases in D&O risk."
- "With the looming private credit crunch, insolvencies/bankruptcies/asset sales are likely to increase substantially."
- "The concerns around AI and its effect on overall macroeconomic issues are putting pressure on companies regardless of industry, which will have a toll on overall results. Also, the hyperinflation of valuations of stocks across all markets is beginning to raise concerns regarding an overall correction that "has to come" and how that will affect the D&O world."
- "AI, geopolitical, cyber, environmental, corporate governance, reputational, supply chain, social engineering... the list is growing. Who'd be a D or O?"
- "Stock market at all-time highs, jumbo and volatile IPOs and tech sectors."
- "AI-related risks are seeing outsized valuations that are unwarranted and unsupported for the most part. The volatility associated with those stock swings is only increasing public D&O exposure."

Go up | Stay the same | Go down

Q2

As you look out into 2027, should companies be more worried about shareholder litigation or government enforcement actions?

2026 survey results: A large majority of underwriters continue to think companies should be more worried about shareholder litigation.



Gallagher Commentary

The people with the checkbook, the insurance underwriters, are observing a diminished level of governmental activity.

Q2 Select D&O Underwriter Survey Respondent Quotes

- S "SEC regulation seems to be diminished."
- S "Change of party could alter this answer."
- S "Post *Jarkesy*, the SEC has abandoned administrative judicial processes."
- S "SEC will continue to be subdued."
- S "Government has dramatically decreased SEC actions."
- G "Uncertainty in the marketplace will only lead to increased litigation [referring to government policy uncertainty]."

S Shareholder litigation G Government enforcement actions

Q3

Are companies as aware as they should be of the frequency and cost of D&O litigation?

2026 survey results: More than three quarters of underwriters think that companies are not as aware of the frequency and cost of D&O litigation as they should be.

Gallagher Commentary

Most underwriters clearly believe that directors and officers need to be better educated on this topic.

Q3

Select D&O Underwriter Survey Respondent Quotes

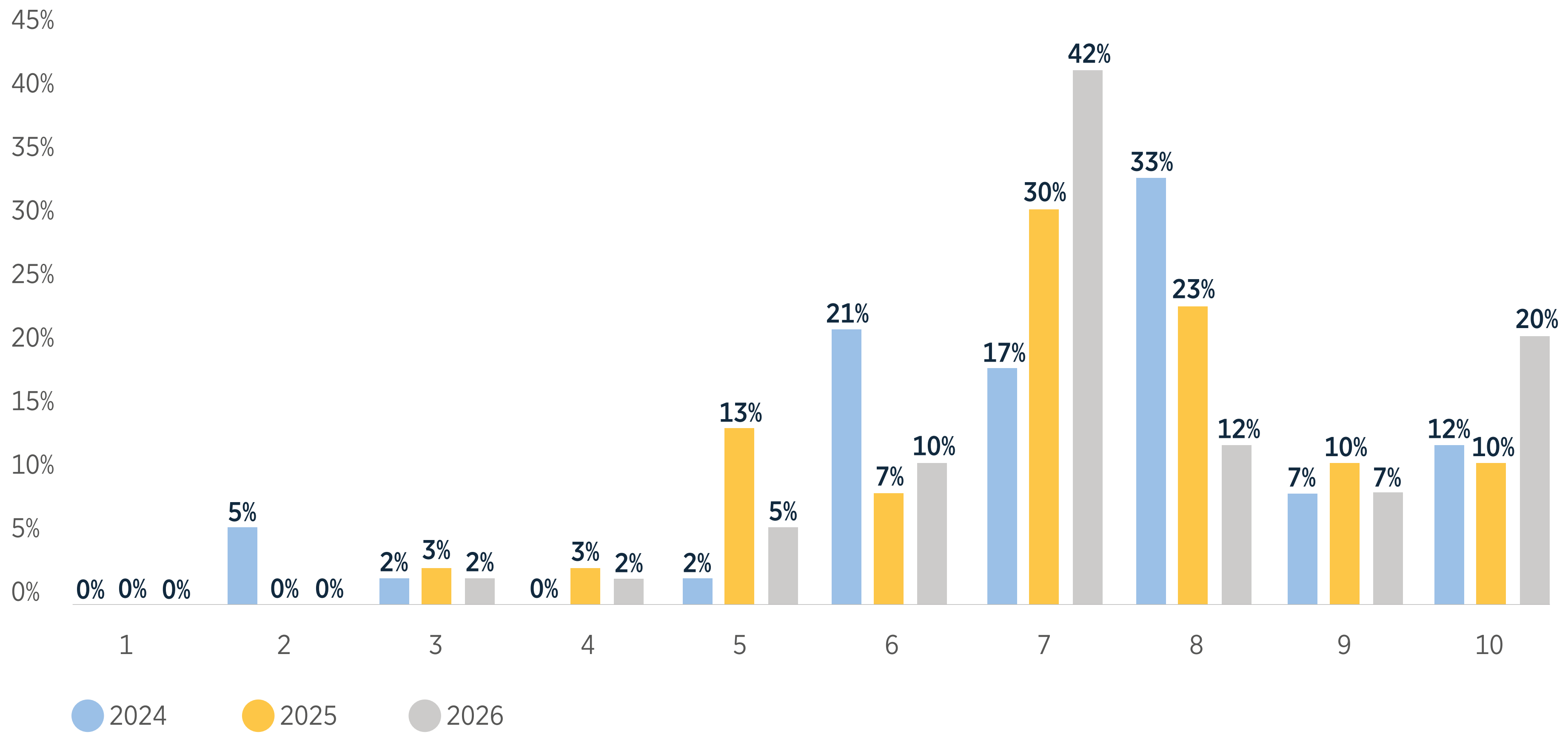
- "Many companies believe that because they are well run, they are immune/protected from shareholder litigation. Experience tells us otherwise."
- "This is especially true when it comes to defending these claims. Defense costs are burning through the first three layers of a program, and this is starting to impact the settlements as companies realize that they have not purchased enough limit to offset the increased cost of defending claims."
- "... There is a lot of naivety about the process and the way the Plaintiff's business model works."
- "I think they are aware and also very willing to take advantage of an aggressive market."

Yes No

Q4

On a scale of 1 to 10, how likely are we to see a material amount of litigation and regulatory enforcement actions regarding “AI Washing” due to companies overhyping a product or service’s use of AI? 10 is 100% likely.

2026 survey results: In the first year we asked this question, the most popular answer was eight. Now, for the second year in a row, the most popular answer is seven, which is still a high level.



Gallagher Commentary

The decline in concern about AI washing is accompanied by an increase in concerns about other AI-related claims.

Q4 Select D&O Underwriter Survey Respondent Quotes

7 “The hype is real — valuations on companies in the sector appear so frothy that washing claims would appear inevitable when we see a broader correction.”

5 “Less concerned about AI washing but regulatory risks.”

10 “It’s already happening. It’s the new low-hanging fruit for the lower-tier plaintiff firms.”

3 “AI washing feels like a little old. AI definitely will have issues, maybe less so washing.”

9 “Too many companies promise where the technology is going. All of these views are not compatible.”

6 “ ‘AI washing’ is a specific action and not the main driver of AI-related risk; AI creates new areas of competition, some companies will lose out due to poor sales execution and inferior products, some will win. How these companies respond to the opportunity is the main issue, as most companies don’t so brazenly lie about utilizing AI in such a material way as to be described as AI washing.”

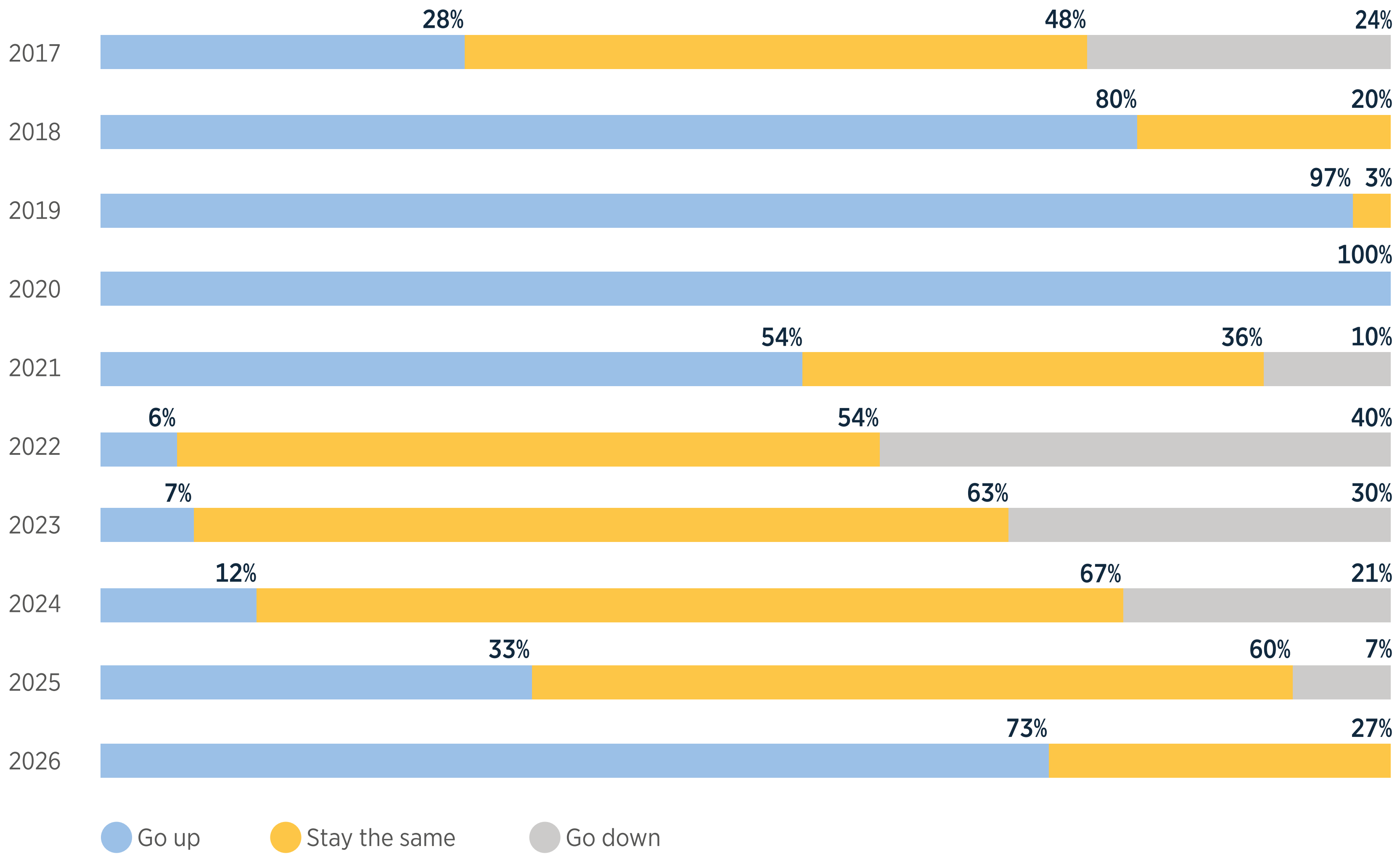
Comments ranked on a scale of 1 to 10

1 Least likely ⟶ 10 Most likely

Q5

Industry-wide, do you expect D&O premium rates for mature public companies to go up, stay the same or go down?

2026 survey results: Buckle up! 73% of underwriters think rates will go up. In last year's survey, a percentage just shy of that number (67%) responded they thought rates would stay the same or go down.



Gallagher Commentary

The responses to this question in 2018 predicted the onset of the hard D&O market that set in the following year, and this year's result certainly indicates at least additional firmness in the market in 2027.

Q5 Select D&O Underwriter Survey Respondent Quotes

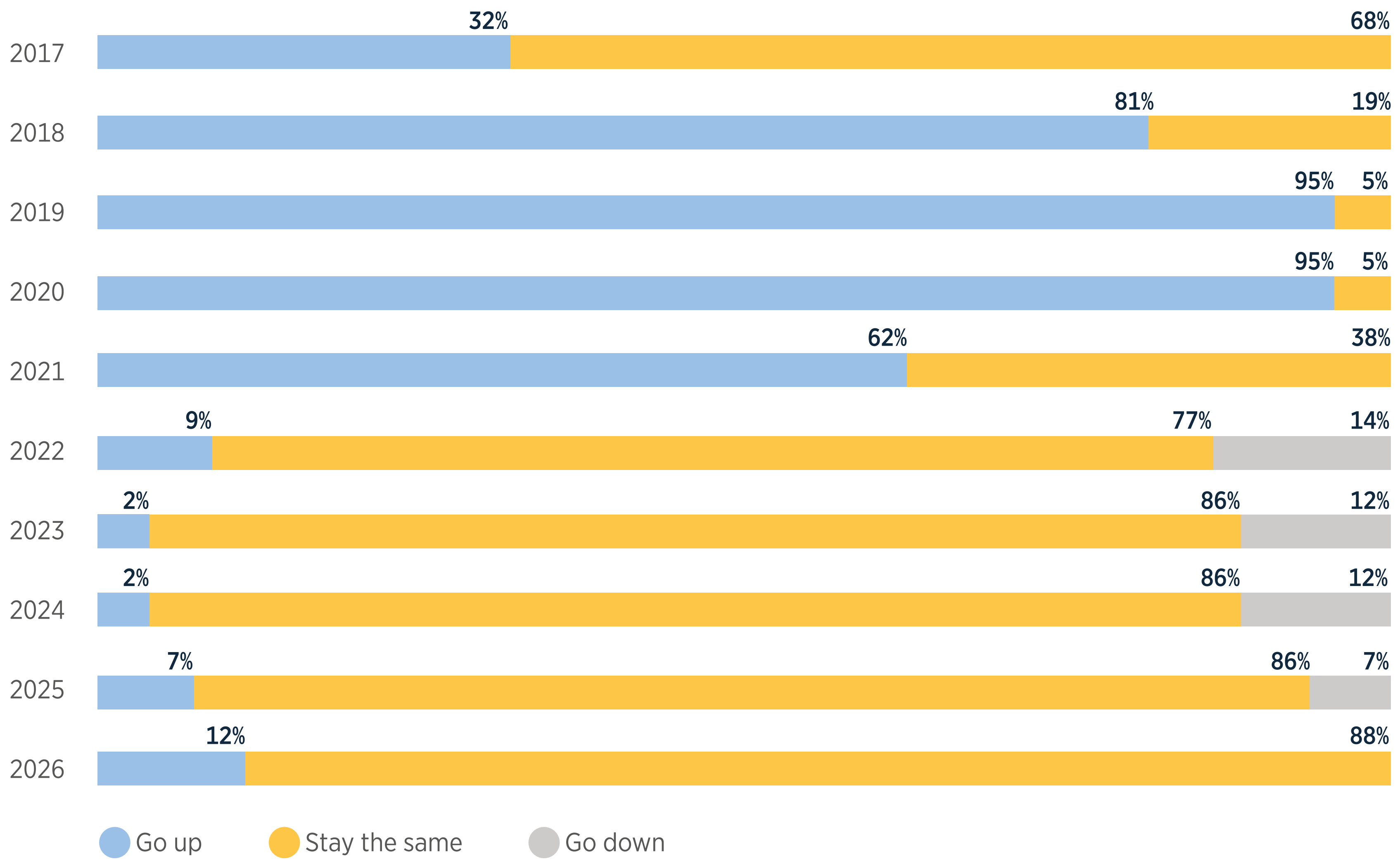
- ↑ "There are about 10 to 15 carriers that do not have a critical mass of premium, and they are not likely to grow at the rate the leadership team would want to."
- ↑ "Rates have simply not kept up with the increase in market caps over the past five years. These larger market caps are causing higher settlement values."
- ↑ "Public D&O GWPs [gross written premiums] are down as much as 30% since the 2021 hard market peak, if not lower. With losses starting to pull forward from those years, D&O insurers are seeing loss runs trending higher, which will result in larger carriers pulling back capacity and pushing for rate, and smaller carriers pulling out of the market entirely."
- ↑ "After years of successive decreases, the D&O market has reached a bottom and appears to be on the upswing, particularly with the return of the IPO market and recent and future mega-cap IPOs."
- ↑ "… Excess layers are still WELL underpriced, so market loss ratios for those in that segment will still be well over 100%. We expect… to see more capacity exit the market."
- ↑ "To address the changing and deteriorating risk landscape, and in order to remain sustainable, insurers need to build these into the prices and T&C's [terms and conditions] they set, especially after five years of precipitously declining premiums. Otherwise, we will go back to where we were in 2019-21."
- – "They should go up, but I have no confidence in the market to price appropriately. They will go up when some capacity finally realizes just how underpriced they are, but that will take some time."
- ↑ "There are parts of the D&O business that are very unprofitable — it will need to be addressed at some point. But current ILF curves make it a structural problem."
- – "The market is flattening, but I don't see significant increases in the near future."
- ↑ "It's the responsibility of insurance carriers to charge the appropriate rates for the exposure base. We can't always be chasing the lowest denominator."

↑ Go up – Stay the same ↓ Go down

Q6

Industry-wide, do you expect D&O SIRs for mature public companies to go up, stay the same or go down?

2026 survey results: 88% of underwriters expect D&O SIRs for mature public companies to stay the same.



Gallagher Commentary

With few exceptions, the market continues to be at a stable level for SIRs for mature public companies.

Q6 Select D&O Underwriter Survey Respondent Quotes

- (Go up) "We have all read the news about the increase in rates for corporate attorneys; those costs will need to be passed on through deductibles and higher rates."

- (Stay the same) "While I think retentions will largely stay the same, a rational market would say they should go up. Defense cost inflation is eroding policy limits at an ever-increasing pace, when primary insurers often price based on MTD assumptions."

- (Stay the same) "No reason for this to change — as long as rates are soft, already low retentions will stay low, as there isn't enough premium to give back as material savings for a higher SIR."

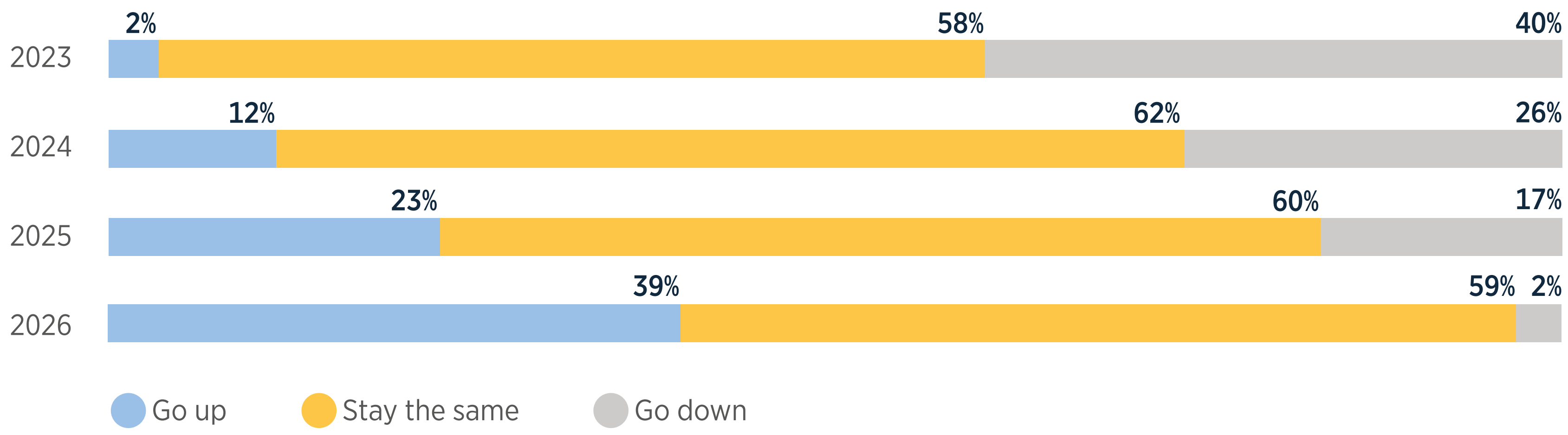
- (Stay the same) "We've seen many reductions over the past few years, so many are getting close to the bottom."

Go up Stay the same Go down

Q7

Industry-wide, do you expect D&O SIRs for **newly public** companies to go up, stay the same or go down?

2026 survey results: 39% of underwriters expect D&O SIRs for newly public companies to go up (versus 12% for mature public companies).



Gallagher Commentary

The notable increase in the percentage of underwriters predicting an increase in SIRs for new public companies presages upcoming battles between underwriters and brokers attempting to meet client expectations.

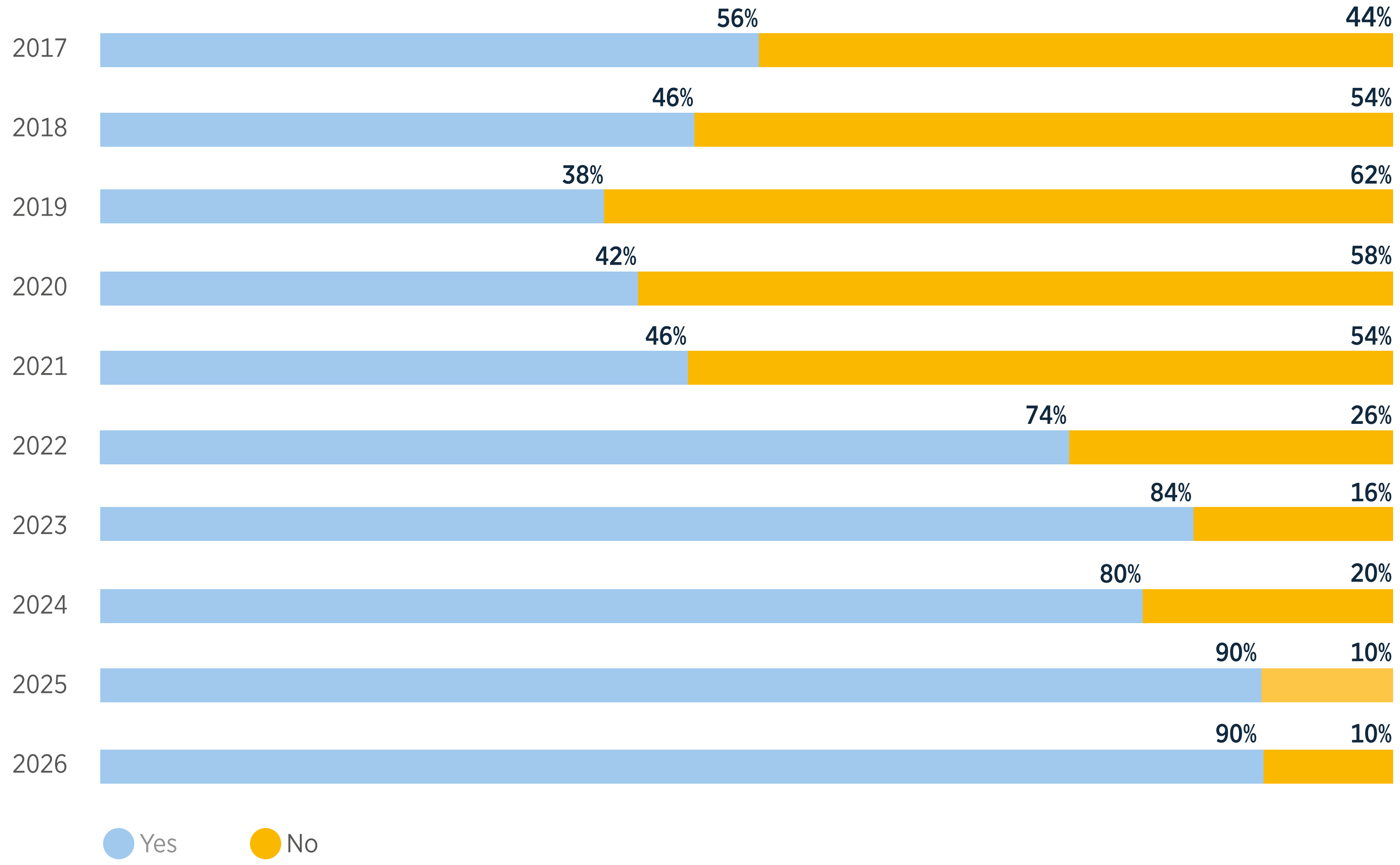
Q7 Select D&O Underwriter Survey Respondent Quotes

- "Once the handful of carriers currently beating each other up in the IPO market realize how reckless they've been, I fully expect to see a firming environment."
- "They should be higher, but I have no confidence in the market."
- "Smaller market cap risks that get lower retentions is a trend that is unlikely to last, as share price volatility increases the need to move these SIRs up quickly. General concerns about paying pre-MTD will drive specific carriers to reassess their strategy of underpricing retentions to win deals."

Go up Stay the same Go down

Q8 Will you quote the primary layer for most public companies?

2026 survey results: For the second year in a row, 90% of underwriters surveyed will quote the primary layer for most public companies.



Gallagher Commentary

We're providing a full ten years of results for this survey question to provide more context for our readers. New colleagues who have only been in the market for a few years may not appreciate how answers to the 2026 survey show a level of market appetite that continues to insulate insureds from a true hard market.

Q8 Select D&O Underwriter Survey Respondent Quotes

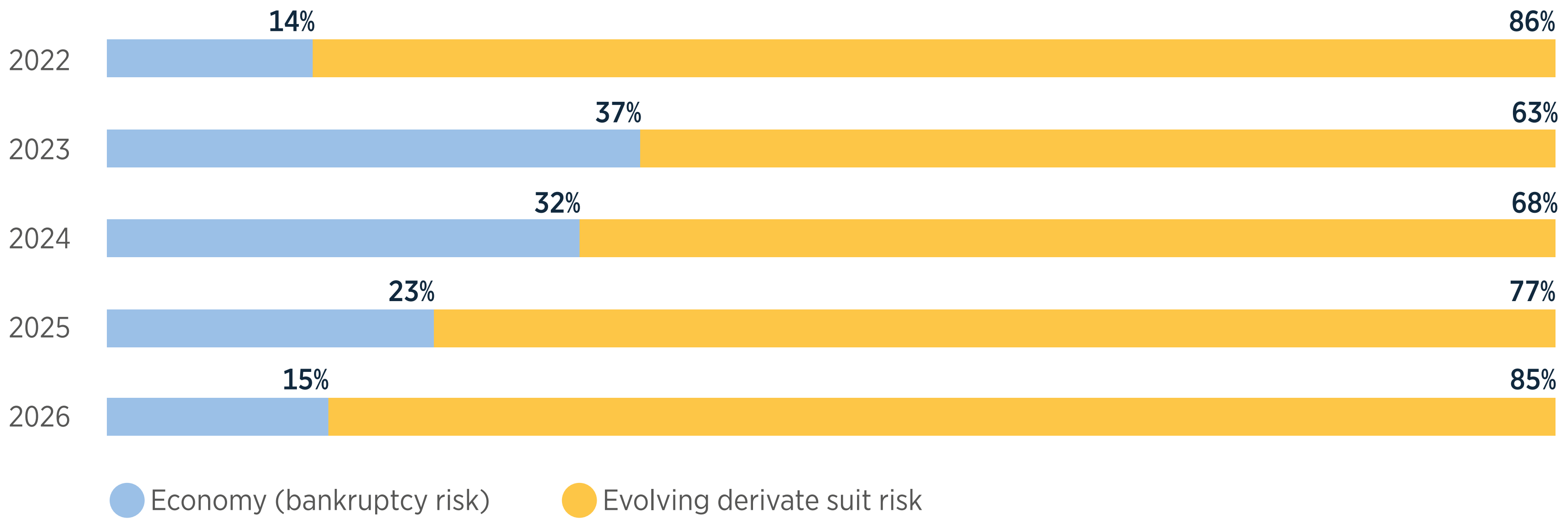
- "There are likely 20 markets that will say "yes" here. However, in reality, only ten or so would actually want to write the primary. Similarly, most brokers would only entrust to place the primary with ten or so markets."
- "I still remain stunned that there are markets that are able to be part of the survey that have to say "no" here."
- "Will quote it, whether it is competitive is another story."
- "Low SIRs make writing excess much riskier."

Yes No

Q9

As you think about quoting Side A in 2027, do you anticipate being more concerned about the economy (bankruptcy risk) or evolving derivative suit risk?

2026 survey results: Evolving derivative suit risk continues to be the predominant concern for underwriters.



Gallagher Commentary

Bankruptcy concerns have declined notably compared with those surrounding the evolving derivative–suit threat landscape.

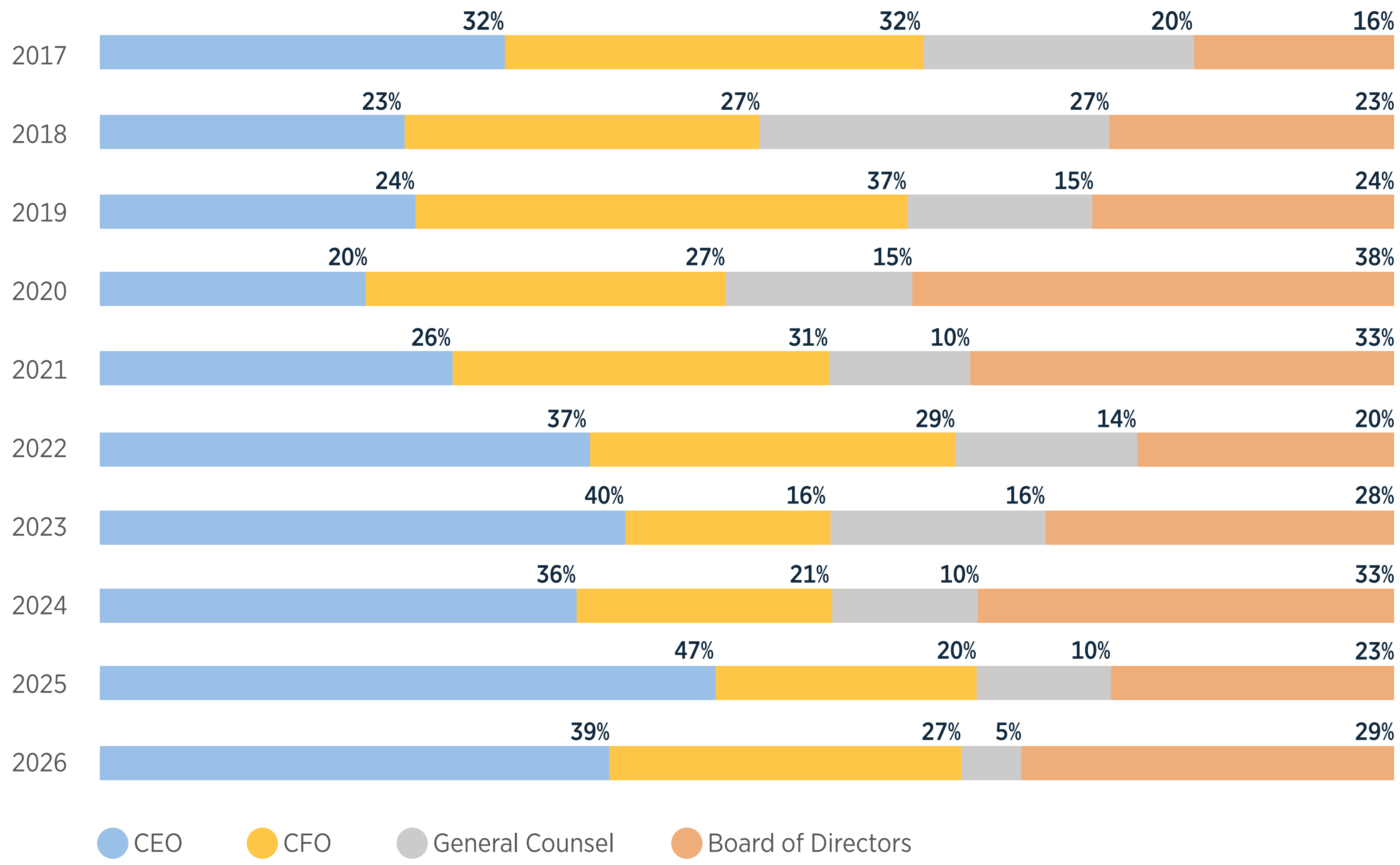
Q9 Select D&O Underwriter Survey Respondent Quotes

- B "With private credit showing signs of distress, it will be interesting to see if firms that took financing from that space will be able to refinance the debt."
- D "At some point, I'd expect Plaintiffs' lawyers to start going after the larger company Side A only towers in earnest."
- D "Delaware has some very pro-plaintiff [attorneys who will] contort a case to find a way through *Caremark* as best they can. SB21 reforms haven't addressed this."
- D "As an industry, we need to come to the realization that Side A is no longer "free money." The plaintiff's bar will continue to seek new ways to tap the limits that companies purchase, especially during good cycles, where we see a drop in big money Securities Class Action cases."
- D "You can underwrite towards financial stability, so the derivative concern is more "concerning."

B Economy (bankruptcy risk) D Evolving derivative suit risk

Q10 Who is the most critical person at a company when you think about mitigating D&O risk?

2026 survey results: For the fifth year in a row, underwriters think it's the CEO who is the most critical person at a company when it comes to mitigating D&O risk



Gallagher Commentary

While the CEO continues to be the most popular response to this question, for the fourth year in a row the board is in second place, suggesting that underwriters expect boards to carry a significant amount of the accountability and responsibility burden.

Q10 Select D&O Underwriter Survey Respondent Quotes

- B “The board has ultimate accountability and sets the tone from the top.”
- C “Starts and ends at the top.”
- B “All of the above, really. The distinction is immaterial — one can make or break it. But the Board has ultimate authority/responsibility.”

C CEO B Board of Directors

Bonus Question

What do you wish you could tell D&O insurance buyers about 2027? Select D&O Underwriter Survey Respondent Quotes

- "Seek stable partners with good claims-paying reputations rather than defaulting to price."
- "The longer irrational pricing is supported, the more uncomfortable price normalization will be..."
- "We don't think we've seen the last of distressed carriers or syndicates leaving the market. Choose wisely."
- "How much has your market cap increased, and are you buying enough limit to reflect that? Plaintiffs will happily blow through the insurance tower if they think the case is worth it, and we're consistently seeing insufficient insurance limits to cover settlements."
- "While we understand that buyers of D&O insurance need to be fiscally responsible, they also need to appreciate the symbiotic relationship between the carriers and their clients. A less-than-healthy premium base in the industry will eventually lead to bad outcomes for both the carriers and the insureds. Also, buyers need to understand that not all carriers are created equal and a continued flight to quality is in their best interests."
- "Buy more Side A!"
- "Listen to your broker! Any extra layer or two of excess could be very beneficial and well worth the cost, depending on a company's situation."
- "Do not walk from long-term relationships to save small amounts of premium, as it becomes very difficult to justify getting back on a risk that is underpriced — insurance carriers often underprice their own renewals to support relationships. Choosing premium savings over relationships often costs more in the long run."

Questions about this Guide? Comments? Compliments?

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