



Gallagher

Real Estate & Hospitality Global Market Update

August 2026



Introduction

Market conditions remain highly segmented, with property generally more competitive while casualty outcomes continue to vary by geography, loss trends, venue, jurisdiction and exposure profile. Across many regions, increased insurer competition, expanding capacity and strong underwriting performance are creating opportunities for buyers to secure competitive pricing, negotiate broader terms and revisit long-term risk financing strategies.

Property markets are generally benefiting from increased competition and available capacity, particularly for well-managed risks. Many organizations are seeing continued rate relief, along with greater flexibility around deductibles, coverage enhancements and multi-year agreements. These conditions are allowing risk managers and portfolio owners to look beyond annual renewals and consider broader program optimization opportunities.

Casualty market conditions are more nuanced. While competition is increasing in several regions, claims trends, litigation costs, regulatory developments and changing liability exposures continue to influence underwriting decisions. Strong operational controls, effective governance and well-documented risk management practices remain important differentiators during renewal discussions.

Several themes are shaping real estate and hospitality risk profiles globally, including changing weather patterns, evolving environmental considerations, increasing adoption of new technologies and shifting regulatory expectations. These factors continue to influence investment decisions, operational priorities and long-term risk management strategies.

While insurance markets can respond quickly to significant loss activity, economic developments and changes in available capital, today's environment provides an opportunity for real estate and hospitality organizations to take a broader view of risk financing, evaluate how insurance supports business strategy and strengthen resilience across their portfolios.





Canada

Property

Canada's property insurance market continues to benefit from strong competition, ample capacity and favorable underwriting conditions. While earthquake remains the primary catastrophic concern, particularly in British Columbia and Quebec, secondary perils such as wildfire, hail, flood and straight-line winds have become important drivers of insured losses. Development in higher-risk areas is increasing attention on long-term property resilience and catastrophe exposure management.

Rates

The Canadian property market has experienced two consecutive years of meaningful rate reductions as insurers compete for market share. While pricing appears to be stabilizing, many buyers continue to achieve favorable renewal outcomes. Long-term agreements with rate guarantees, typically extending two years and subject to loss ratio thresholds, remain a popular option for organizations seeking greater budget certainty. Insurers continue to monitor trends involving secondary perils, although efforts to introduce broader percentage wildfire deductibles have seen limited market acceptance.

Capacity

Capacity remains abundant across the Canadian market. New entrants and strong participation from London insurers continue to support competition, while broker facility solutions are becoming increasingly prevalent in competitive placements. Experienced brokers balance these alternatives with domestic carrier relationships to help maintain long-term market stability and flexibility. Unlike the United States, Canada's strong domestic market generally reduces the need for heavily layered placements or reliance on international capacity.

Deductibles

As rate reductions have moderated, insurers have become more willing to negotiate deductible structures. Percentage deductibles remain common for earthquake and certain high-hazard flood exposures but are generally less common for wildfire and severe convective storm risks, except in certain hail-prone regions such as Alberta.

Terms and conditions

Current market conditions continue to support broader negotiations around policy structure, coverage enhancements, and other terms and conditions. Buyers with clearly defined risk management objectives are often best positioned to take advantage of current market flexibility around coverage structure and program design.

Casualty

Canada's casualty market continues to adjust to changing regulatory expectations, environmental considerations and emerging liability trends. Environmental, social and governance (ESG) expectations remain an area of focus for many organizations, while insurers continue to assess how governance practices, operational controls and risk management strategies influence overall risk profiles.

Environmental liability considerations continue to receive attention as organizations assess the potential impact of floods, wildfires, severe weather events and other environmental incidents. Class action activity remains a significant factor influencing liability exposures and underwriting discussions.

Demand continues to grow for greater transparency, responsiveness and solutions tailored to specific operational needs. In response, insurers and brokers continue to focus on delivering more customized approaches and clearer insight throughout the insurance lifecycle.



Latin America

Property

Across Latin America, legislative, regulatory and economic policy developments continue to influence construction activity, infrastructure investment and real estate development. Because many projects are tied to public investment and government priorities, changes in financing, permitting and project timelines can affect both development activity and insurance market demand. In markets approaching elections or administrative transitions, investment activity and project planning are often influenced by changing policy priorities, financing conditions and infrastructure spending decisions.

In Peru, growing investment in healthcare, energy, sanitation and mining is creating a strong pipeline of projects and expanding opportunities for insurance and reinsurance participation. Meanwhile, Colombia's property market remains highly competitive, with pricing for many well-performing risks approaching levels seen before the hard market cycle. Across the region, insurers continue to place significant emphasis on asset valuations, business interruption exposures, loss prevention and overall risk quality. Strong asset management, loss prevention efforts, well-supported valuations and documented operational controls continue to support favorable underwriting outcomes.

Rates

Property insurance rates remain favorable across much of the region. In Peru, abundant local and reinsurance capacity has contributed to premium reductions of approximately 30% for many property risks. Brazil is experiencing similar conditions, with additional insurer participation increasing competition and supporting continued pricing flexibility. Long-term agreements and premium discounts are becoming increasingly common as insurers seek to retain business and strengthen client relationships.

Capacity

Capacity remains strong throughout the region. In Peru, excess insurance and reinsurance capacity has intensified competition, with Chinese reinsurers expanding beyond traditionally financed projects to support sectors such as mining and construction. These additional sources of capacity are helping create more options for buyers.

Brazil continues to attract reinsurer interest due to its relatively limited exposure to major catastrophe perils such as earthquakes and volcanoes. While fire and flood remain important underwriting considerations, this diversification benefit supports market participation from both local and international carriers. Fire coverage for warehousing operations is available, although underwriting remains selective depending on occupancy, fire protection measures and values at risk.

Colombia continues to experience strong insurer competition, broad appetite across commercial and residential occupancies, and meaningful reinsurance support. While warehousing and storage exposures may receive additional underwriting scrutiny, capacity generally remains available across most real estate and hospitality risks.

Deductibles

Deductibles remain relatively low across much of Latin America, often averaging approximately 1% of site values. As a result, buyers have shown limited interest in adjusting retention levels to generate additional premium savings. While some organizations have explored combining higher deductibles with parametric solutions to address initial loss layers, current pricing conditions have reduced the attractiveness of these approaches and most buyers continue to maintain existing program structures.

Builders' risk

Development activity continues to be influenced by economic conditions, interest rates and public investment priorities. Infrastructure projects often become more active during election cycles, although overall project volume remains below historical levels in certain sectors. High borrowing costs have slowed some new developments, particularly within luxury real estate, though declining interest rates could support increased activity over time.

Some investors continue to take a measured approach while evaluating economic and political developments, which have led to portfolio repositioning and selective divestitures in certain markets. These shifts are also influencing insurance purchasing decisions and creating opportunities for insurers to support changing project and portfolio needs.

Casualty

Demand for specialized liability products continues to grow across Latin America, particularly for professional liability and management liability solutions. This trend is driving increased insurer participation and expanding options for organizations seeking more tailored coverage approaches.

Market conditions remain generally favorable across the real estate and hospitality sectors, supported by insurer appetite and stable capacity. Underwriting discussions remain focused on operational controls, claims history, public safety practices, contractor oversight and overall risk management standards when evaluating risks.

Rates

Liability pricing continues to trend downward across much of the region, although reductions have generally been more moderate than those seen in property. In Peru, liability premiums are decreasing by approximately 15% to 20%, reflecting growing claims activity alongside competitive market conditions.

In Brazil, new insurer participation and reinsurance support have contributed to premium reductions that can exceed 30% in some cases.

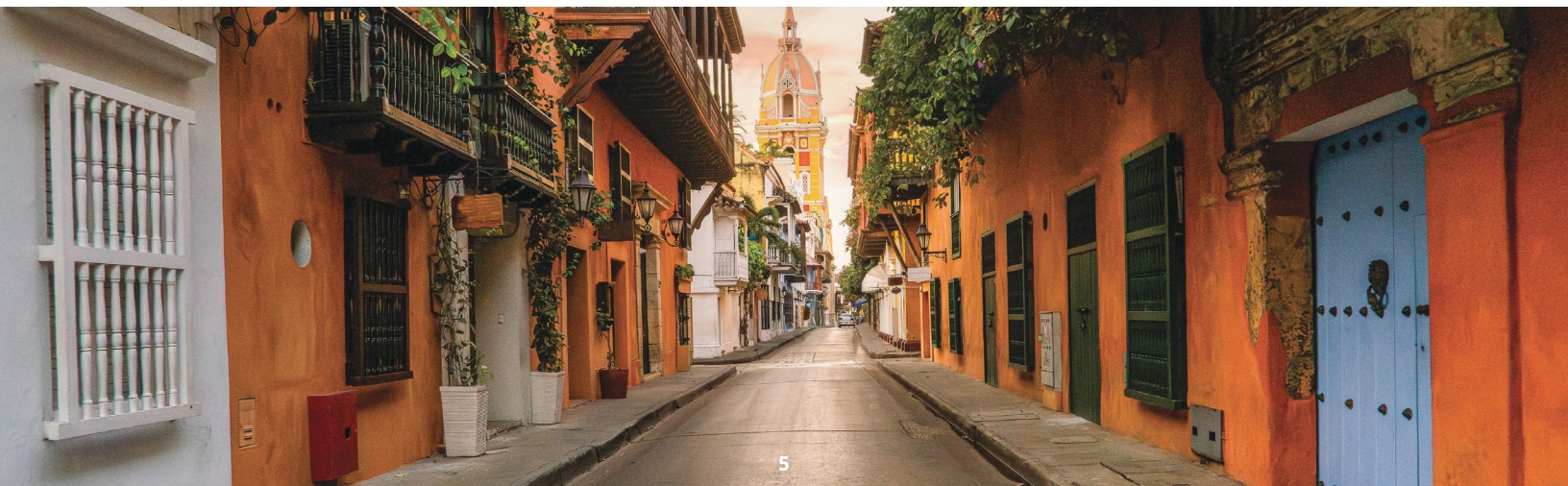
Liability purchasing practices also vary by market. In Brazil, liability limits for commercial properties are often lower than those commonly purchased in the United States, with financial decision-makers frequently prioritizing cost management when evaluating program structures. Additionally, differences in the legal environment continue to influence coverage purchasing decisions and overall pricing levels.

Terms and conditions

For well-managed accounts, insurers continue to demonstrate flexibility around pricing, coverage enhancements and deductible structures. Underwriting attention remains focused on visitor safety, contractor management, emergency response planning, premises operations and life-safety protocols, particularly within hospitality, mixed-use, retail and residential environments.

Directors & Officers Liability

Directors & Officers liability remains one of the most favorable segments in Colombia. Strong capacity, insurer competition and broad market appetite continue to support attractive renewal conditions and expanded coverage options. Even within this favorable environment, insurers continue to evaluate governance structures, financial performance, regulatory compliance and organizational resilience.





New Zealand

Property

New Zealand's property insurance market continues to benefit from strong insurer competition, improving reinsurance conditions and abundant capacity. Following several years of elevated pricing, buyers are benefiting from improved market conditions supported by increased competition and favorable reinsurance dynamics. While climate-related exposures remain an important consideration, recent claims activity has largely returned to more typical levels following the significant weather events experienced in 2023.

Rates

Rate reductions that began in late 2025 have continued into 2026 renewals, creating favorable conditions for many buyers. While pricing improvements may moderate over time, well-managed risks continue to achieve competitive outcomes. Wellington property owners in particular have benefited from meaningful premium relief after a prolonged period of elevated pricing.

Reinsurance conditions have contributed significantly to this trend, with benchmark reductions averaging approximately 20% in New Zealand and reaching as much as 30% for some higher-hazard occupancies. Current conditions are expected to remain supportive provided claims activity remains within anticipated ranges.

Capacity

Capacity remains strong across the New Zealand market. Robust insurer balance sheets continue to support appetite for property risks, while international insurers remain attracted to New Zealand's seismic risk profile, which many view as offering attractive diversification opportunities. This continued participation has expanded available capacity and increased buyer choice.

Facultative reinsurance markets, which were initially slower to respond to softening conditions, have largely aligned with broader market trends. Increased participation from London markets and new MGA entrants has further strengthened competition and capacity availability throughout the region.

Deductibles

As claims activity has returned to more typical levels following the major weather events of 2023, insurers have generally removed many of the flood-related restrictions and excess structures that emerged during the harder market period.

Terms and conditions

New Zealand's market differs somewhat from Australia, where recent softening has been more heavily concentrated on pricing. In New Zealand, buyers are also benefiting from broader improvements in policy terms and conditions, including the loosening of inner limits for exposures such as flood and cyclone.

Climate risk remains an important underwriting consideration, but the absence of repeated large-scale loss events has supported greater stability in pricing and coverage availability.

Casualty

New Zealand's casualty market remains stable and competitive, supported by healthy capacity levels and increasing insurer competition. Standard commercial risks continue to benefit from favorable pricing and broad coverage availability, while underwriters maintain a greater focus on more complex exposure profiles.

Rates

General liability conditions continue to soften across much of the market. Stable claims activity, increased insurer participation and ample capacity have contributed to competitive pricing for many organizations. Businesses operating in higher-hazard sectors, including construction, manufacturing and those with significant US exposure, may continue to experience more detailed underwriting review.

Capacity

General liability buyers continue to benefit from strong insurer participation and broad market capacity, providing flexibility when approaching renewal and program design decisions.

Terms and conditions

Underwriters continue to focus on environmental liabilities, cyber-related exposures and emerging risks such as PFAS. More complex operational exposures may require additional underwriting review and tailored coverage solutions, making early market engagement increasingly valuable.

For professional indemnity buyers, stability and continuity often remain important considerations. Frequently changing insurers or focusing solely on premium reduction can create challenges over time, particularly for claims-made policies where long-term coverage consistency may be beneficial.

Regulatory change on the horizon

Several proposed regulatory reforms could influence future liability and professional indemnity markets.

Building Act reforms are expected to move New Zealand toward a proportionate liability framework, aligning liability more closely with fault and reducing potential exposure for consultants and designers. Proposed changes include compulsory professional indemnity requirements and mandatory building warranties for certain residential projects, including potential structural and non-structural warranty obligations. These developments may influence coverage purchasing decisions and insurer pricing approaches in the years ahead.

In addition, the replacement of the Resource Management Act with the Natural and Built Environments Act and Strategic Planning Act may introduce new compliance requirements during the transition period as organizations adapt to changing regulatory frameworks.





Europe, United Kingdom in Focus

Property

Property insurance conditions across the UK and Europe remain favorable for many real estate and hospitality organizations. Strong insurer competition, abundant capacity and continued interest from new market participants are creating opportunities for buyers to secure competitive pricing and broader coverage solutions. While conditions vary by asset type and exposure profile, many organizations are using the current environment to reassess program structure, explore multi-year agreements and strengthen long-term insurance strategies.

Since late 2024, long-term agreements have become increasingly common across the European market. As more organizations lock in multi-year arrangements, fewer programs are being marketed each year, and insurer retention levels remain high. Even organizations with less favorable loss experience are finding a receptive market as insurers compete for quality business and long-term relationships.

Rates

Pricing continues to trend downward across much of the region. The London market has become particularly competitive, attracting portfolios that may have traditionally remained within continental European markets. Buyers are increasingly drawn to London's combination of competitive pricing, policy wording flexibility and broader coverage options.

Insurers are also taking a broader view of portfolio performance, focusing more heavily on overall premium adequacy rather than evaluating individual asset classes in isolation. This creates opportunities for organizations with diversified portfolios and strong risk management practices to differentiate themselves during underwriting discussions.

Capacity

Capacity remains plentiful throughout the region. Strong insurer financial performance and an influx of market capacity continue to support favorable conditions for buyers. Several major insurers have become increasingly competitive, contributing to meaningful pricing reductions and expanded coverage options.

Organizations are also seeing a return of 100% placements on select accounts, as well as larger lead positions from insurers that are willing to take a greater share of the overall program. Long-term agreements extending up to five years are becoming more common and may include scheduled rate reductions in the early years followed by greater pricing stability over the remainder of the term.

Insurers are differentiating themselves through expanded catastrophe capacity for exposures such as Italian earthquake and German storm surge risks. Following several years of relatively favorable loss activity, buyers have access to broader options for certain catastrophe-exposed assets than in recent years.

Deductibles

Deductibles remain relatively low across much of Europe, often ranging from £250 to £1,000 for standard risks. Higher deductibles are generally reserved for assets with more challenging claims histories or exposures that have produced adverse loss experience.

As pricing has improved, many organizations continue to prioritize premium savings and long-term budget certainty over significant deductible adjustments. Well-performing portfolios with strong diversification and favorable claims experience have achieved substantial reductions in total insurance costs through multi-year arrangements.

Terms and conditions

Soft market conditions are supporting broader negotiation opportunities around policy wording, limits and performance provisions within long-term agreements. Organizations entering into multi-year arrangements may benefit from more flexible performance triggers than were available during the harder market cycle, helping preserve pricing stability while maintaining alignment between insurers and insureds.

Catastrophe and secondary perils

Recent flooding in the Netherlands and Germany, along with wildfire activity in parts of Europe, has not materially altered overall market conditions. These exposures have largely been anticipated and priced into the marketplace, particularly within London, where capacity remains readily available.

Emerging property exposures are also receiving increased attention across the market. The growing use of solar panels, battery storage systems and electric vehicle charging infrastructure is changing risk profiles across many property types. Newer logistics developments, often built rapidly and located in areas with greater flood or storm exposure, are also receiving increased underwriting attention.

Casualty

The European and London casualty markets remain stable, supported by ample capacity and ongoing insurer competition. For many organizations, liability coverage continues to be available on favorable terms, particularly when supported by strong operational controls and a positive claims record.

Rates and capacity

Liability pricing remains broadly stable across much of the region. Excess liability capacity is often provided through facilities and is frequently coordinated alongside property placements. Major insurers continue to compete for business, creating favorable conditions for many buyers seeking program stability and long-term value.

Terms and conditions

Coverage remains widely available, and many organizations continue to benefit from competitive terms. Terrorism insurance purchasing continues to be driven primarily by lender requirements rather than risk perception, with London markets often providing greater flexibility than government-backed alternatives.

Investor sentiment and market activity

Across the region, many organizations have adopted a disciplined approach to capital deployment and real estate transactions. Acquisition and divestiture activity remains below historical levels as businesses evaluate political, economic and regulatory developments that may influence investment decisions.

Unlike previous periods of economic uncertainty, widespread financial distress has not emerged as a defining theme. Instead, many organizations are maintaining existing portfolios while evaluating future opportunities and waiting for greater clarity around market conditions, development activity and access to capital.





United States

Property

Strong underwriting performance and healthy insurer results continue to support favorable property insurance conditions across much of the US real estate and hospitality sector. While market dynamics vary by asset class and geography, many organizations are benefiting from increased flexibility around pricing, deductibles and coverage structure.

Multifamily housing remains an area of particular focus. Property owners often must balance lender requirements, insurance costs, operating income objectives and overall risk management priorities. In some cases, loan covenants establish minimum insurance requirements that may not fully reflect an organization's desired level of protection, creating important decisions around coverage design and program structure. Insurance costs also continue to influence net operating income and investment performance, particularly for portfolio owners managing tight operating margins.

Weather patterns continue to shape regional risk considerations. Increased rainfall and flooding across parts of the Northeast have elevated attention to flood exposure, while recent wet conditions have moderated wildfire activity in some areas. Changing weather patterns are prompting renewed discussions about flood resilience, catastrophe preparedness and long-term portfolio protection.

Interest in parametric solutions is also growing. As traditional property market conditions improve, some organizations are exploring alternative risk transfer structures to complement existing programs and strengthen protection against catastrophe-related exposures.

Rates

Property pricing remains favorable across many segments, although rate reductions have moderated from the larger decreases seen in prior renewal cycles. Many buyers continue to achieve rate reductions, particularly when supported by strong loss experience, quality data and favorable risk characteristics. Renewal outcomes remain highly dependent on geography, catastrophe exposure, asset quality and prior pricing levels. Organizations that have already benefited from several years of rate decreases may experience more modest reductions or relatively stable renewals, while some new placements and layered program structures may achieve more competitive outcomes.

Many organizations are using current market conditions to make strategic program decisions. Rather than pursuing the maximum available premium reduction, some are redirecting savings toward lower deductibles, expanded limits or broader protection against catastrophe exposures.

Capacity

Property market capacity remains strong, supported by several years of positive insurer results and continued interest from both traditional and specialty markets. Larger line sizes are readily available for many risks, supporting flexibility in program design and placement strategy.

Specialized capacity solutions and shared-layer structures continue to provide additional flexibility for buyers seeking efficient program design and stable market participation.

Deductibles

Many buyers are evaluating deductibles as part of broader program optimization efforts. Rather than focusing solely on premium reductions, some organizations are choosing to retain smaller rate decreases in exchange for lower deductibles and improved balance sheet protection.

Wind and hail deductibles have become more negotiable in many situations, while other deductibles continue to vary by asset class and exposure profile. Hospitality organizations, for example, often maintain separate water damage deductible structures that differ from multifamily programs.

Terms and conditions

Market conditions continue to support meaningful negotiation around coverage terms, policy structure and deductible provisions. Multi-year agreements remain available, particularly from insurers seeking longer-term partnerships, although many organizations continue to weigh the benefits of pricing certainty against future market flexibility.

Builders' risk

Builders' Risk remains one of the most competitive property segments. Pricing for many projects, including wood-frame construction, has declined significantly compared to recent years, helping support development activity across a variety of project types.

Adaptive reuse projects, particularly office-to-residential conversions, continue to gain momentum in urban markets. These projects often involve unique construction considerations, including partial occupancy, extensive plumbing modifications and structural updates that require careful planning and underwriting coordination.

Insurers have generally maintained a consistent approach toward renewable energy installations such as solar panels, with no widespread underwriting restrictions emerging within the builders' risk marketplace.

Casualty

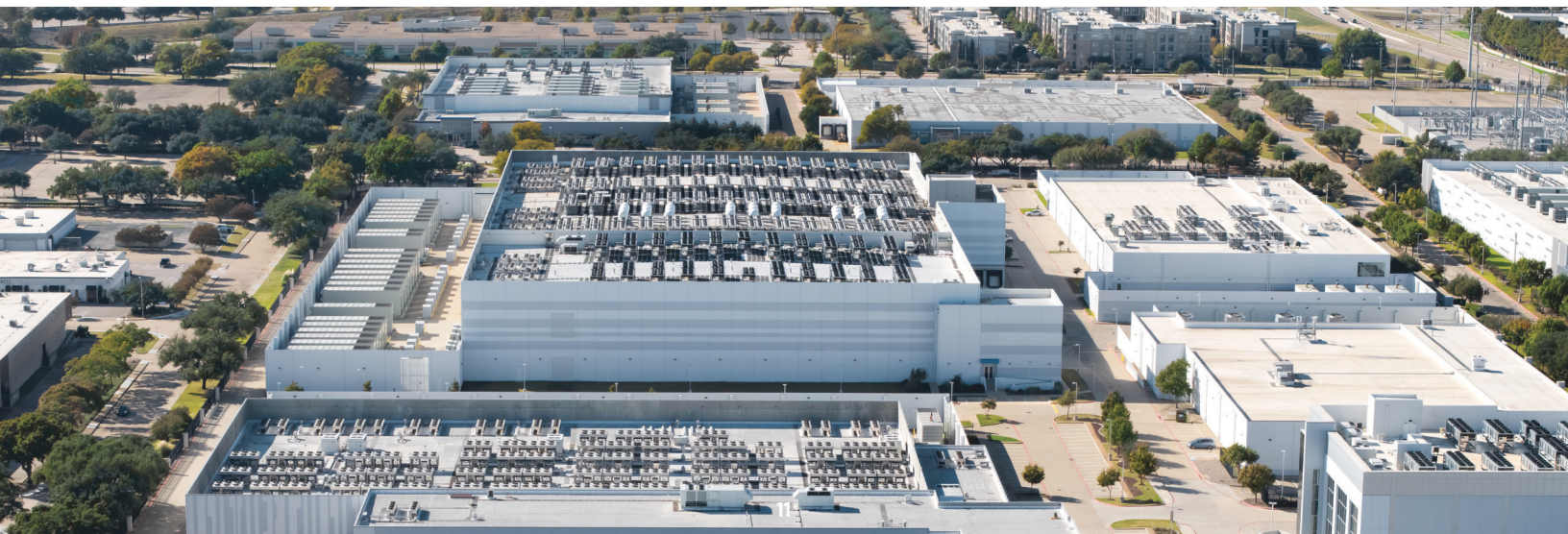
The casualty market continues to evolve as growing insurer competition intersects with persistent claims cost pressures. While liability pricing remains more challenging than property, increased carrier appetite and MGA participation are creating additional opportunities for many buyers.

Underwriters continue to focus on operational controls, life safety practices, contractor oversight and emerging liability exposures when evaluating risks. Effective risk management practices, strong claims performance and well-documented operational controls continue to support favorable underwriting outcomes.

Water management and environmental liability considerations

Water management remains an important area of focus, particularly within hospitality and office environments where building occupancy levels may fluctuate. Effective maintenance of water systems, cooling equipment and HVAC infrastructure can help reduce operational disruption and support broader risk management objectives.

Organizations may benefit from reviewing how environmental liability exposures are addressed within their insurance programs, especially where waterborne risks, environmental incidents or building system management exposures exist.



Claims environment

Claims costs remain a significant driver of casualty pricing. Carriers are increasingly willing to litigate claims rather than resolve matters through early limit tenders, contributing to longer claim durations and increased defense costs in some situations.

Stakeholders continue to monitor developments in third-party litigation funding, including recent tort reform efforts in several states that may influence future liability trends.

Rates

General liability pricing is generally increasing between 4% and 9%, with higher increases often affecting multifamily risks. Primary casualty pricing remains moderately upward, while excess liability continues to experience somewhat greater pressure. Increased competition, however, has helped moderate what might otherwise be steeper increases.

Office and industrial risks are generally experiencing stable conditions, while multifamily liability markets are benefiting from new capacity and increased competition among select market participants.

Terms and conditions

Liability discussions are increasingly focused on exclusions and risk management practices. Areas receiving attention include assault and battery, firearms, animals, human trafficking, liquor liability, cannabis exposures and other operational considerations that vary by occupancy type. Hospitality, multifamily and retail organizations should carefully evaluate policy terms to understand how these exposures are addressed.

Active engagement in renewal discussions and careful review of policy language can often uncover opportunities to improve coverage and negotiate more favorable terms.

Umbrella and excess liability

Excess liability conditions continue to vary by asset class. Multifamily risks often require more careful program design, while office and mixed-use portfolios have experienced increased stability and broader carrier participation.

Building large liability towers continues to require significant market coordination, particularly at higher attachment points. Program structure, lead carrier participation and layer design remain important factors influencing overall outcomes.



Executive Financial Protection

Governance, disclosure practices, workforce management and technology-related risks continue to shape executive liability discussions across multiple coverage lines.

Directors & Officers liability

The D&O market remains favorable, with strong competition and stable pricing. Recent claims activity has shifted from SPAC-related litigation toward allegations involving artificial intelligence disclosures and so-called "AI washing." However, most claims continue to focus on organizations developing or marketing AI technologies rather than companies simply adopting AI tools in their operations. Disclosure practices remain a key underwriting consideration across industries.

Employment Practices Liability

EPL remains competitive despite rising litigation costs. Organizations using AI-enabled hiring or employment tools should continue maintaining appropriate oversight and governance processes, including human review of employment decisions where appropriate.

Errors & Omissions

The market for owned and affiliated property management E&O coverage remains relatively limited. Organizations with active development operations or significant claims activity may encounter a more selective underwriting environment.

Fiduciary liability

Governance and oversight remain central themes in fiduciary liability discussions, particularly around retirement plan administration, fee transparency and vendor selection practices.

Cyber

Cyber market conditions continue to vary by organization and risk profile. While many buyers continue to benefit from competitive pricing, insurers remain attentive to cybersecurity controls, claims trends and evolving technology-related risks.

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