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NAVIGATING

SPRING 2026

Top Commercial
Insurance Trends



NOW



Gallagher

INTRODUCTION

Navigating Now: Q2 2026, Spring Edition

It remains a buyer's market for insurance as we head toward the midpoint of 2026. Across many different sectors, pricing remains more competitive than it has been in previous years, capacity is plentiful and carriers continue to negotiate on rates in order to maintain market share. Cyber coverage is seeing intense competition with a surge in available capacity, leading carriers to offer higher limits.

However, these trends are not universal, and social inflation continues to present headwinds for casualty markets. The auto liability market is reporting increases in umbrella and garage liability premiums, while casualty capacity is actively shrinking in sectors such as multifamily residential and hospitality. Pricing and capacity pressures also persist this Spring in the lower layers of larger towers.

For property coverage, a continuing frequency of natural catastrophe losses amid ongoing inflationary pressures means that, while more attractively priced at the moment, the current market dynamics may not be built to last.

Here are three key trends Gallagher retail brokerage experts are watching in Q2 2026.



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KEY TREND #1

Supply Chain Disruption Cost

According to Gallagher's latest [Supply Chains, Redrawn Survey](#), 86% of respondents said they experienced a supply chain loss in the past year, yet those losses were only fully covered in one out of three cases. That gap between exposure and protection is the central risk heading into renewals, and it is already pressuring claims frequency, coverage gaps and pricing across multiple lines.

There are multiple forces driving these supply chain disruptions, from rising material costs, to shifting geopolitical dynamics, to tariffs and trade disputes. These pressures are translating directly into more difficult underwriting conditions, tighter capacity, and growing scrutiny of policy language around contingent business interruption, trade disruption, and political risk. Amid this uncertainty, three in five firms say they are accelerating operational change in order to get ahead of anticipated challenges, taking steps such as stockpiling, nearshoring and diversifying suppliers.

Stockpiling, in particular, is becoming a popular tool to protect against supply chain disruptions, with as many as 90% of businesses saying they already are or are actively considering it. This practice is concentrating more goods in warehouses and at ports, amplifying catastrophe accumulation and cargo theft exposure and in many cases pushing insured values beyond existing limits. Capacity for high-value stock concentrations remains constrained, and insurers are applying greater scrutiny to storage conditions, security protocols and declared valuations at renewal.

This is playing out at the sector level, too. Gallagher's automotive practice reports that transporter theft claims continue to impact the inventory insurance market. In fine arts, geopolitical concerns are disrupting transport routes and storage security for high-value assets, creating exposures around title risk, transit coverage and the adequacy of conflict and terrorism exclusions.

ACT NOW

- **Audit supply chain insurance against your actual footprint:** Review your existing coverage to ensure it reflects the true scope of your operations, including any recent changes to locations, suppliers or logistics.
- **Assess concentration risk from stockpiling strategies and warehouse exposures:** Consolidating stock in fewer locations can amplify losses from a single event, such as a fire, flood or theft. Make sure your current limits account for these risks.
- **Map supplier dependencies and evaluate geopolitical risk for each:** Understanding which suppliers are most critical to your operations, and where they are located, will help you identify vulnerabilities before disruptions occur. Gallagher provides data-backed analysis to help you make informed decisions around coverage and risk.
- **Start early to give underwriters more time to understand your unique risks and create better coverage options:** Engaging your broker before renewal gives underwriters the time to conduct a thorough assessment of your exposures to help tailor your coverage.

KEY TREND #2

AI Liability

Artificial intelligence is here to stay, with most companies having already implemented at least some form of AI. These new tools have generated positive returns in the form of increased productivity, however, they are also introducing new risks that are outpacing existing coverages. Gallagher's 2026 AI Adoption and Risk Survey found that fewer than half of all respondents have adopted formal risk management frameworks around AI usage and most report skills gaps in safely using this technology, a readiness deficit that carriers are starting to price in.

At the same time, many policies remain silent on AI, neither explicitly covering nor excluding AI-related risks, leaving businesses potentially exposed to coverage gaps. One in five insurance professionals surveyed said a client had experienced a loss or claim due to AI-related risks across multiple lines of business, including cyber liability, product liability and employment practices liability, and are prompting underwriters to revisit policy language and tighten definitions where AI involvement is unclear.

AI-driven cyber attacks are becoming more sophisticated as well, with AI functioning as a force multiplier that is lowering the barrier for less-skilled criminals and accelerating every stage of an attack. This is driving up claims frequency and severity across cyber portfolios, putting pressure on rates as carriers impose stricter security controls.

Among carriers, AI-related risks are drawing increased underwriting scrutiny across existing policies, and a market for affirmative AI coverage is beginning to emerge. This offers businesses the opportunity to secure direct AI protection before underwriting conditions tighten further. In terms of capacity, both the cyber and EPL markets are very accessible, making this an ideal window to review and increase limits, negotiate favorable AI-related language, and stress-test existing programs against AI loss scenarios before the market shifts.

ACT NOW

- **Ask yourself three questions before your next renewal:** What impact would an AI-driven loss have on your insurance coverage? How are you evaluating your own exposure? Are you staying current on emerging AI threats, risk management techniques and regulatory changes?
- **Look for potential gaps in coverage:** Review your liability policies for AI coverage gaps, including cyber, EPL, D&O, E&O and general/products liability.
- **Act soon to access today's market:** Take advantage of today's cyber and EPL capacity to potentially add limits to your coverage and reduce costs.
- **Stay informed:** Gallagher's [2026 Cyber Insurance Market Outlook](#) references over 200 active legal cases involving AI.

Property and Casualty Markets Are Diverging, and a Shifting Climate Outlook Could Widen the Gap

Property insurance has entered a competitive phase, with increased capacity pushing prices down across commercial real estate, hospitality, fine arts and aerospace (sub-\$50M). For well-managed risks, it is a genuine buyer's market.

But the softening is capital-driven, not risk-driven. There has been no fundamental improvement in the underlying loss environment, and the capacity coming into the market today reflects competition for premium volume, not a reassessment of long-term risk. Buyers should use these market conditions strategically to negotiate terms and conditions, not just price.

Casualty is a different story. While the broader market is showing signs of stabilization, there are exceptions in auto liability, the lower layers of large towers and sectors like multifamily residential and hospitality, where capacity and pricing remain under pressure. The growing demand for excess and surplus lines also signals that standard markets are becoming more selective about the risks they're willing to write.

However, there are encouraging signs. Many insureds have already shifted to more adequately structured programs with limits, retentions, and coverage terms better aligned with their actual risk profiles. Carriers are reporting that premium levels in many lines are approaching sustainability, and limit-purchasing behavior is stabilizing.

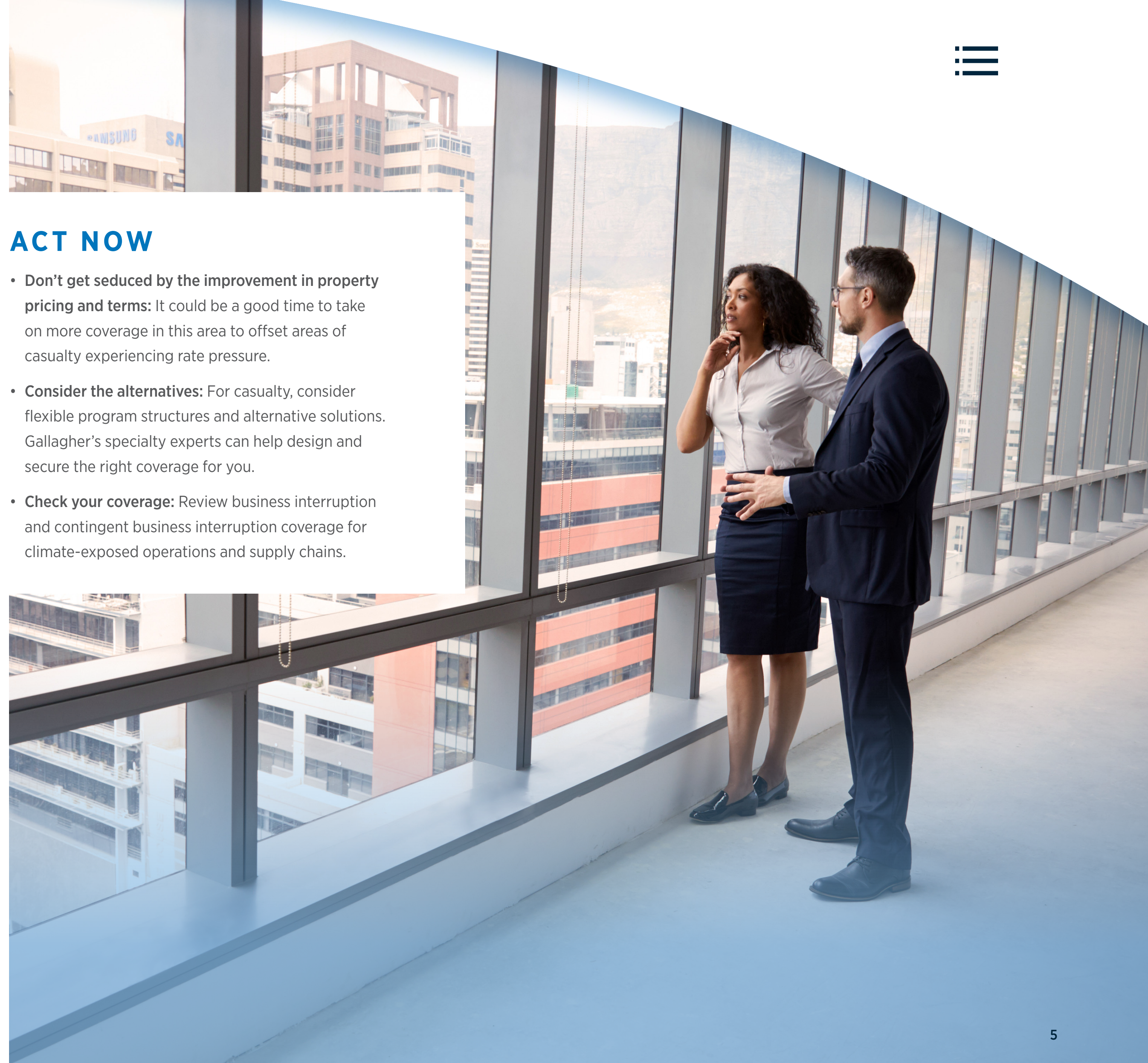
After years of buyers cutting limits to manage premium spend, that trend is starting to reverse. New competition in specialty lines, such as environmental, is also adding capacity and smoothing markets that have been more challenging in recent years.

Climate concerns could tip the balance, particularly on the property side. NOAA's recent [El Niño Watch](#), predicting a 62% probability of an El Niño weather pattern in 2026, could reshape the risk map and compound supply chain pressures on commercial lines due to elevated storm activity, drought and weather volatility. It is already making an impact.

Entertainment and live events operators cite shifting weather patterns as their single biggest operational and capacity challenge, while fine arts insurers report increasing frequency and severity of weather-related losses. Even in today's buyer's market, carriers remain cautious about CAT-exposed risks.

ACT NOW

- **Don't get seduced by the improvement in property pricing and terms:** It could be a good time to take on more coverage in this area to offset areas of casualty experiencing rate pressure.
- **Consider the alternatives:** For casualty, consider flexible program structures and alternative solutions. Gallagher's specialty experts can help design and secure the right coverage for you.
- **Check your coverage:** Review business interruption and contingent business interruption coverage for climate-exposed operations and supply chains.





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