

Insurance Buyers' News



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Insurance Rates

January / February 2026

Volume 37 • Number 1

Rate Trends in Commercial Insurance: Property Stabilizes, Casualty Splits, Auto Struggles

As 2026 begins, commercial insurance buyers are encountering a marketplace that looks very different from the relentless rate hikes of recent years. The story now is one of stabilization in property insurance, divergence in casualty lines, and continued challenges in commercial auto. Together, these trends highlight how the insurance landscape is evolving — offering relief in some areas, complexity in others, and persistent difficulties in one of the most important lines for businesses with vehicles.

Property Insurance: Signs of Stability

Commercial property insurance has been one of the most volatile segments in recent memory. Cata-

strophic losses from hurricanes, wildfires, and severe storms, combined with inflationary pressures and reinsurance constraints, drove steep increases across the country. For many businesses, renewals over the past three years felt like an uphill battle, with higher premiums, tighter terms, and reduced capacity.

Now, industry reports show that the tide is turning. Rate increases are moderating, capacity is expanding, and underwriting appetite is returning in many regions. Improved reinsurance conditions are playing a major role, as global reinsurers have added capacity and softened their stance after several years of tightening. This has filtered down to insurers, who are more willing to write property risks and compete for accounts.

That said, stabilization does not mean uniform



Cyber Insurance Market Shifts Power to Buyers

After years of volatility, the cyber insurance market is showing signs of relief for policyholders. Marsh and Insurance Business report that premiums are declining and competition among carriers is increasing. Buyers are seeing more options and flexibility in coverage, though underwriting discipline remains strict. Insurers continue to scrutinize security practices and risk controls, but the overall environment is more favorable than it has been in recent years.

Takeaway: With rates easing, businesses have an opportunity to explore enhancements to their cyber coverage while conditions remain competitive.

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relief. Properties in catastrophe-exposed areas — such as wildfire-prone California or hurricane-vulnerable Florida and the Gulf Coast — still face selective underwriting, higher deductibles, and stricter terms. But for many businesses outside those zones, 2026 marks the first time in years that property renewals feel less pressured.

Casualty Insurance: Diverging Paths

Casualty insurance is presenting a more complex picture. Accounts with clean loss histories and lower-hazard exposures are seeing softening rates, sometimes even modest decreases. This is particularly true for industries with strong safety records and limited exposure to litigation.

At the same time, higher-risk industries — such as construction, transportation, and energy — continue to face tough renewals. Businesses operating in litigious jurisdictions are also feeling the impact of social inflation, nuclear verdicts, and litigation funding, all of which are contributing

to upward pressure on liability costs. Carriers are responding with higher premiums, stricter terms, and closer scrutiny of risk management practices.

The result is a casualty market where outcomes vary widely depending on risk profile and jurisdiction. For some buyers, 2026 may bring welcome relief; for others, the challenges remain significant.

Commercial Auto: Persistent Struggles

Commercial auto remains one of the most difficult lines in the marketplace. Despite more than a decade of rate increases, underwriting losses persist. Rising repair costs, medical inflation, and adverse loss development continue to weigh heavily on results.

Fleet operators and transportation businesses nationwide should expect continued premium pressure. Carriers remain reluctant to ease terms until loss ratios improve, and many are tightening underwriting standards further. Innovation

This Just In

Reinsurance Renewals Bring Relief

The January 2025 reinsurance renewals delivered encouraging news for the broader insurance marketplace. Increased capacity and moderating rates have eased pressure on insurers, stabilizing downstream pricing for commercial property coverage. After several years of constrained reinsurance markets, this shift gives carriers more flexibility to write property risks and manage catastrophe exposures.

Takeaway: Buyers benefit indirectly from these changes, as insurers are better positioned to offer stable terms and broaden their appetite for property accounts

in telematics, driver monitoring, and fleet management technology offers some hope, but structural challenges in commercial auto — including accident frequency and severity — are unlikely to resolve quickly.

The Big Picture

For commercial insurance buyers, the rate environment in early 2026 is no longer defined by across-the-board increases. Property insurance is stabilizing, casualty insurance is splitting into favorable and unfavorable paths depending on risk, and commercial auto remains stubbornly unprofitable.

Together, these trends paint a nuanced picture of the marketplace: relief in some areas, continued challenges in others, and a reminder that the commercial insurance landscape is constantly evolving. Businesses across the U.S. will see these dynamics reflected in their renewals, making 2026 a year of both opportunity and caution. ■

Regional Catastrophes, National Lessons

The year 2025 was one of the costliest on record for insured catastrophe losses. California wildfires and Gulf Coast hurricanes alone drove insured losses exceeding \$100 billion globally, with U.S. events accounting for more than 90%. These disasters underscore a critical reality: even businesses located far from traditional catastrophe zones are affected, as insurers apply lessons learned nationwide.

Wildfires in California

The January 2025 wildfires in Southern California destroyed more than 16,000 structures, marking the costliest wildfire disaster in U.S. history. Insured losses exceeded \$30–40 billion, according to estimates from Morningstar DBRS and Swiss Re. Prolonged drought, high winds, lack of local fire prevention readiness, and dense development in vulnerable areas amplified the destruction.

Gulf Coast Hurricanes

While wildfires dominated headlines early in the year, Gulf Coast hurricanes later added billions more in insured losses. These storms reinforced the persistent vulnerability of coastal regions to wind and flood damage. Together, the wildfire and hurricane seasons pushed global insured catastrophe losses to levels nearly double the 10 year average.

National Implications

For insurance buyers, the takeaway is clear: catastrophe lessons are applied nationwide. Even businesses located outside California or the Gulf Coast may see insurers tighten underwriting standards, adjust deductibles, or raise premiums to reflect systemic risk. Catastrophe modeling, resilience planning, and risk mitigation are no longer optional — they are central to how insurers evaluate accounts across the country.

Methods for Mitigating Catastrophe Losses

1. Strengthen Physical Resilience

- ★ **Wildfire mitigation:** Create defensible space around properties by clearing vegetation, using fire resistant building materials, and installing ember resistant vents.
- ★ **Hurricane resilience:** Invest in wind rated roofing, impact resistant win-



dows, and flood barriers. Elevating critical equipment above flood levels reduces vulnerability.

2. Enhance Operational Preparedness

- ★ Develop business continuity plans that outline how operations will continue during and after a disaster.
- ★ Maintain redundant power supplies and backup communication systems to minimize downtime.

3. Leverage Technology

- ★ Use sensor networks and IoT devices to monitor environmental conditions, such as smoke, heat, or rising water.
- ★ Adopt predictive analytics to anticipate risks and adjust operations before disaster strikes.

4. Collaborate with Communities

- ★ Participate in local resilience programs, such as wildfire fuel reduction initiatives or coastal flood defenses.
- ★ Coordinate with municipal emergency services to align preparedness strategies.

5. Review Insurance Structures

- ★ Explore parametric insurance options that provide rapid payouts based on measurable triggers like wind speed or seismic activity.
- ★ Regularly reassess coverage limits and deductibles to ensure alignment with evolving catastrophe exposures.

Conclusion

The record losses of 2025 highlight how regional catastrophes carry national consequences. Insurers are recalibrating their models and applying stricter standards across all geographies. For businesses, the path forward lies in mitigation and resilience — strengthening physical assets, preparing operations, leveraging technology, and engaging with communities.

Even if located outside traditional catastrophe zones, companies should expect insurers to apply lessons learned from California wildfires and Gulf Coast hurricanes nationwide. By investing in resilience, businesses not only reduce their exposure to losses but also demonstrate to insurers that they are proactive partners in managing risk. ■

Regulatory Priorities for 2025: Resilience, Solvency, and Innovation

In 2025, the National Association of Insurance Commissioners (NAIC) outlined a set of federal legislative and regulatory priorities designed to strengthen the U.S. insurance system. These priorities — resilience, solvency, and innovation — reflect the challenges facing insurers and policyholders alike in a rapidly changing risk environment. As businesses enter 2026, these initiatives continue to shape the marketplace and influence how insurance products are regulated and delivered.

Building Resilience

Resilience has become a central theme in insurance regulation. With climate driven catastrophes, cyber threats, and economic volatility all testing the durability of the insurance system, NAIC emphasized the need for stronger coordination between federal and state regulators. The goal is to ensure that insurers remain capable of responding to large scale events while maintaining affordable coverage for policyholders.

"Insurance is a cornerstone of personal financial security, protecting health, wealth, and property, and it supports the U.S. economy's large and small businesses," the NAIC noted in its March 2025 announcement.

Resilience initiatives include closer monitoring of catastrophe risk management, encouraging insurers to adopt forward looking models, and supporting community level disaster preparedness. By reinforcing resilience, regulators aim to protect both the financial health of insurers and the stability of the businesses and households that rely on them.



Safeguarding Solvency

Solvency — the ability of insurers to meet their obligations — remains a cornerstone of NAIC's mission. In 2025, the association advanced measures to strengthen financial oversight, including principle based reserving, macroprudential surveillance, and enhanced reporting standards. These efforts are designed to ensure that insurers can withstand economic shocks and pay claims even in the face of severe losses.

Commissioner Jon Godfread, NAIC President in 2025, emphasized: "Our priorities aim to foster an innovative, competitive, and secure insurance marketplace, while enhancing access to insurance to safeguard the financial well being of our citizens."

For commercial insurance buyers, solvency priorities translate into confidence that carriers remain financially sound. Stronger solvency oversight reduces the risk of insurer failures, which can disrupt coverage and leave businesses exposed.

Encouraging Innovation

Innovation is the third pillar of NAIC's 2025 agenda. Recognizing that technology is reshaping the insurance industry, regulators are working to balance consumer protection with the adoption of new tools. Artificial intelligence, data analytics, and digital distribution are transforming how insurers assess risk and deliver products.

NAIC's priorities include developing frameworks for responsible AI use, addressing cybersecurity risks, and monitoring how new technologies affect market fairness. The emphasis on innovation reflects a commitment to keeping insurance relevant and competitive while ensuring that policyholders benefit from advances without being exposed to new forms of harm.

Looking Ahead

Together, resilience, solvency, and innovation form a roadmap for a stronger insurance marketplace. For businesses purchasing coverage, these priorities mean a system better equipped to handle disasters, more reliable in its financial commitments, and more responsive to technological change.

As 2026 unfolds, the NAIC's 2025 initiatives continue to influence the regulatory landscape, shaping how insurers operate and how buyers experience the market. The focus on resilience, solvency, and innovation underscores the evolving nature of insurance — and the importance of regulation in safeguarding its role as a cornerstone of financial security ■

Liability Limits and Large Loss Trends

The liability insurance landscape is shifting rapidly, and the changes are being felt across industries. Chubb's 2025 benchmark report highlights a clear trend: escalating jury awards and higher liability limits are reshaping how businesses must think about their exposure to risk.

Escalating Jury Awards

One of the most striking findings in Chubb's report is the continued rise in jury verdicts. Large awards — sometimes referred to as "nuclear verdicts" — are becoming more common, with settlements and judgments frequently reaching tens of millions of dollars. This escalation is driven by factors such as litigation funding, social inflation, and juries' increasing willingness to award damages for pain, suffering, and punitive claims.

For businesses, this means liability claims are not only more frequent but also more severe. Even industries traditionally considered lower risk are seeing higher verdicts, underscoring the broad impact of this trend.

Higher Liability Limits Across Industries

In response to these developments, liability limits are rising across the board. Companies in sectors ranging from manufacturing to retail

are reassessing how much coverage they carry. Chubb's benchmark data shows that many organizations are purchasing higher limits than in previous years, reflecting the need to protect against the possibility of catastrophic losses.

This shift is not limited to large corporations. Mid sized businesses are also increasing their liability limits, recognizing that a single large claim could threaten their financial stability.

National Implications

While some of the largest verdicts have occurred in traditionally litigious jurisdictions, insurers are applying lessons nationwide. Underwriters are recalibrating their models to account for the possibility of outsized losses in any venue. As a result, liability insurance buyers across the U.S. are seeing changes in pricing, terms, and expectations.

Buyer Takeaway

The message from Chubb's 2025 benchmark report is clear: escalating jury awards and higher liability limits are reshaping the liability insurance market. Businesses should reassess the adequacy of their coverage in light of rising verdicts and settlements. Ensuring that liability limits align with today's risk environment is essential to maintaining financial protection in an era of increasingly costly claims ■



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