

Insurance Buyers' News



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Market Update

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Commercial Insurance Outlook 2026: Property Finds Its Footing, Casualty Splits, Auto Deteriorates

As 2026 gets underway, commercial insurance buyers are navigating a marketplace that looks markedly different from the broad, relentless increases of the past several years. The story now is one of stabilization in commercial property, divergence across casualty lines, and continued deterioration in commercial auto. For businesses preparing renewals, these shifts create a landscape that blends relief, uncertainty, and persistent pressure — often within the same insurance program.

Property Insurance: Stabilizing, but Reinsurance Still Sets the Tone

After years of steep, sometimes double digit increases, commercial property insurance is finally showing signs of leveling off. Rate hikes are moderating, capacity is gradually returning, and insurers are demonstrating more will-

ingness to compete for well managed risks. For many buyers, this is the first renewal cycle in several years that feels less like a crisis and more like a negotiation.

But the stabilization has limits — and most of them trace back to reinsurance. Even though conditions have improved from the most restrictive years, reinsurance costs remain elevated, and reinsurers continue to push for disciplined underwriting, higher attachment points, and careful scrutiny of catastrophe exposed risks. That pressure flows directly to primary carriers, who remain cautious about wildfire prone regions, coastal properties, and older buildings with deferred maintenance.

The result is a property market that is no longer uniformly hard, but still far from soft. Well protected, non catastrophe exposed properties are seeing the most relief, while accounts with significant CAT exposure continue to face higher deductibles, tighter terms, and selective under-

Builder's Risk and Construction Insurance Face Supply Chain and Labor Pressures

Construction projects continue to feel the strain of supply chain disruptions, rising materials costs, and persistent labor shortages. These pressures are extending project timelines and increasing exposure to delay related losses. As a result, carriers are tightening terms around soft costs, project delays, and change order management. Underwriters are paying closer attention to contractor experience, job site controls, and documentation of project schedules. Businesses should expect more questions about procurement timelines, subcontractor oversight, and contingency planning. For owners and contractors, early communication with brokers and proactive risk management are becoming essential to securing favorable Builder's Risk and construction insurance terms in 2026.

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writing. For many buyers, 2026 represents progress — but not a full return to pre hard market conditions.

Casualty Insurance: General Liability Eases While Excess Tightens

Casualty lines are moving in two very different directions. On the primary side, general liability is showing early signs of softening, particularly for businesses with strong safety records and clean loss histories. Competition is increasing, and some buyers are seeing flat renewals or modest decreases for the first time in several years.

The excess and umbrella market, however, tells a different story. Nuclear verdicts, social inflation, and rising severity trends continue to drive losses in the upper layers, keeping pressure on rates and capacity. Litigation funding and plaintiff friendly jurisdictions are amplifying the challenge, prompting carriers to maintain strict underwriting standards and, in some cases, reduce available limits.

This split creates a casualty environment where outcomes vary widely. A business may see favorable movement on its primary liability while still facing significant increases on its umbrella. For buyers, the key differentiators in 2026 will be jurisdiction, industry class, and the strength of documented risk management practices.

Commercial Auto: Losses Keep Climbing

If property is stabilizing and casualty is splitting, commercial auto remains firmly stuck in the hard market column. Despite more than a decade of rate increases, the line continues to generate underwriting losses. Rising repair costs, medical inflation, distracted driving, and litigation trends are pushing loss ratios higher, leaving carriers little room to ease terms.

Fleet operators should expect continued rate pressure throughout 2026, along with heightened scrutiny of driver selection, telematics data, and safety protocols. While technology — from dashcams

This Just In

D&O Market Shows Signs of Softening — With Key Risks Still in Focus

The Directors & Officers (D&O) market is showing meaningful signs of easing as claim frequency stabilizes and competition gradually returns. Many buyers are seeing flatter renewals, broader terms, or improved retentions. However, the softening is not uniform. Underwriters remain focused on exposures tied to regulatory scrutiny, ESG reporting, cybersecurity governance, and financial transparency. Public companies, firms undergoing leadership transitions, and organizations operating in highly regulated sectors may still face heightened review. Boards are increasingly expected to demonstrate strong oversight practices and clear documentation of governance processes. While pricing is improving, disciplined risk management remains essential to securing the best D&O outcomes in 2026.

to real time driver monitoring — offers long term promise, it has not yet offset the structural challenges driving losses.

The Bottom Line for Buyers

The commercial insurance marketplace in early 2026 is no longer defined by across the board increases. Instead, buyers face a more nuanced environment:

- ✳ **Property** is stabilizing, though reinsurance continues to shape pricing and terms.
- ✳ **Casualty** is splitting, with general liability easing but excess liability tightening.
- ✳ **Commercial auto** remains the most troubled major line, with further increases expected.

For businesses, this means renewal outcomes will depend more heavily on risk profile, geography, and the strength of safety and loss control programs. The hard market is no longer universal — but it is far from over. ■

Cyber Insurance Market Stabilizes as Security Controls Improve

After several years of sharp rate increases and tightening underwriting standards, the cyber insurance market is finally showing signs of stabilization. As more organizations adopt stronger cybersecurity controls — including multifactor authentication (MFA), endpoint detection and response (EDR), and formal incident response planning — underwriters are gaining confidence that insureds are better equipped to prevent, detect, and contain cyber incidents. The result is a more predictable, more disciplined marketplace heading into 2026.

Improved Controls Are Driving Better Outcomes

The most significant shift in the cyber market is the widespread adoption of baseline security controls. Just a few years ago, many businesses were still implementing MFA or lacked centralized endpoint protection. Today, these controls are standard expectations, and companies that have invested in them are seeing the benefits.

Underwriters are rewarding organizations that demonstrate:

- ✦ **Phishing resistant MFA** across all critical systems
- ✦ **Modern endpoint protection** with real time monitoring
- ✦ **Privileged access management** to limit administrative exposure
- ✦ **Documented incident response plans** with tested procedures
- ✦ **Regular data backups** stored offline or in immutable formats
- ✦ **Employee security awareness training**

These measures reduce both the frequency and severity of claims, giving insurers more confidence in their books of business. As a result, many buyers with strong controls are seeing flat renewals or modest increases, a notable improvement from the double digit hikes of recent years.

A More Predictable Market — But Not Uniformly Soft

While the overall trend is stabilizing, the cyber market is not softening across the board. Businesses with outdated systems, incomplete MFA deployment, or gaps in endpoint protection continue to face higher premiums and stricter underwriting scrutiny. Industries with elevated exposure — such as healthcare, financial services, and professional services — also remain under pressure due



to the high cost of ransomware and business email compromise (BEC) events.

Carriers are also paying close attention to third party risk. Organizations that rely heavily on vendors, cloud providers, or managed service providers may face additional questions about supply chain security and contractual protections.

Still, compared to the volatility of 2022–2024, the 2026 market is far more stable. Buyers who can demonstrate strong cyber hygiene are well positioned to negotiate favorable terms.

Key Cyber Policy Features Businesses Should Understand

As the market matures, cyber policies continue to evolve. Businesses should pay close attention to several core coverage areas that can significantly impact recovery after an incident:

- ✦ **Ransomware Coverage:** Includes ransom payments (where legally permitted), negotiation services, and system restoration. Some policies now include coinsurance or sublimits unless strong controls are in place.
- ✦ **Business Interruption:** Covers lost income and extra expenses when operations are disrupted by a cyber event — including outages caused by cloud or IT service providers.
- ✦ **Data Breach Response:** Provides legal counsel, forensics, notification, credit monitoring, and public relations support.
- ✦ **Cybercrime and Funds Transfer Fraud:** Protects against social engineering, fraudulent wire transfers, and BEC related losses.
- ✦ **System Failure Coverage:** Extends protection to unintentional outages not caused by a malicious attack.
- ✦ **Third Party Liability:** Covers claims arising from data breaches, privacy violations, or failure to protect customer information.
- ✦ **Regulatory Coverage:** Addresses fines and penalties where insurable, along with the cost of regulatory investigations.

Understanding these features — and how they apply to your operations — is essential for building a cyber insurance program that truly protects the business.

The Bottom Line

The cyber insurance market in 2026 is more stable, more predictable, and more rewarding for organizations that invest in strong security controls. As threats continue to evolve, the combination of improved cyber hygiene and well structured insurance coverage remains one of the most effective ways for businesses to manage digital risk. ■

Large Liability Claims Push Companies to Reevaluate Limits

The liability landscape has shifted dramatically over the past decade, and 2026 is proving no exception. As nuclear verdicts grow larger and social inflation continues to accelerate claim severity, many businesses are taking a hard look at whether their current liability limits are still adequate. What once felt like generous protection can now be exhausted by a single catastrophic event — a reality that is reshaping how companies structure their liability programs.

Nuclear Verdicts Are Redefining Severity

The rise of nuclear verdicts — jury awards exceeding \$10 million — has become one of the most disruptive forces in the liability market. These verdicts are no longer confined to a handful of plaintiff friendly jurisdictions; they are appearing across the country and across industries. Claims involving transportation, construction, hospitality, healthcare, and product liability have all seen awards reach levels that would have been unthinkable a decade ago.

Several factors are driving this trend:

- ✦ **Aggressive plaintiff strategies** supported by sophisticated litigation funding
- ✦ **Juror sentiment** increasingly sympathetic to plaintiffs and skeptical of corporations
- ✦ **Social inflation**, which amplifies the perceived value of damages
- ✦ **Expanding theories of liability**, including negligent hiring, negligent supervision, and corporate responsibility claims

For businesses, the message is clear: the severity of liability claims

is rising faster than traditional insurance structures were designed to handle.

Excess Liability Limits Under Pressure

As verdicts grow larger, excess liability layers are being pierced more frequently. Claims that once touched only the primary layer are now reaching the umbrella and even the higher excess towers. This has prompted many companies to reassess whether their limits — often unchanged for years — still reflect the realities of modern litigation.

At the same time, excess liability markets remain cautious. Carriers are tightening underwriting standards, reducing available capacity, and increasing attachment points. Industries with heavy auto exposure, significant public interaction, or operations in litigious jurisdictions face the greatest scrutiny.

The combination of rising severity and constrained capacity has created a challenging environment for buyers seeking to build or maintain large towers of excess coverage.

Businesses Are Reassessing Their Limits

In response to these trends, companies are taking a more strategic approach to evaluating liability limits. Many are conducting:

- ✦ **Limit adequacy studies**, which model potential loss scenarios
- ✦ **Benchmarking analyses**, comparing limits to peers in their industry
- ✦ **Jurisdictional reviews**, assessing exposure in high risk venues
- ✦ **Contractual risk assessments**, ensuring indemnification and hold harmless agreements are aligned with insurance structures

Boards and executive teams are increasingly involved in these discussions, recognizing that liability claims can pose existential financial risk.

Risk Management Matters More Than Ever

While purchasing higher limits is one response, insurers are also emphasizing the importance of strong risk management practices. Businesses that can demonstrate robust safety programs, documented training, disciplined hiring practices, and proactive claims management are better positioned to secure favorable terms.

For companies with fleet exposure, telematics and driver monitoring have become essential tools. For those in construction or manufacturing, job site safety protocols and subcontractor controls are under heightened scrutiny. Across all industries, documentation — and the ability to produce it quickly — is becoming a critical differentiator.



The Bottom Line

Large liability claims are reshaping the insurance landscape, pushing businesses to reevaluate whether their current limits are sufficient in an era of nuclear verdicts and social inflation. As severity trends continue to rise, companies that proactively assess their exposures, strengthen their risk controls, and strategically structure their liability programs will be best positioned to navigate the evolving environment. ■

What Underwriters Look for in Cyber Submissions

As the cyber insurance market stabilizes, underwriters are placing greater emphasis on the quality and clarity of each submission. Strong cybersecurity controls can lead to better pricing, broader coverage, and more predictable renewals — but only when they are well-documented. For 2026 renewals, businesses should understand the key elements underwriters evaluate.

1. Core Security Controls (Non-Negotiable)

Most carriers now require baseline controls before offering meaningful terms. These include multifactor authentication on email, remote access, privileged accounts, and critical systems; endpoint detection and response with real-time monitoring; regular, tested backups (preferably offline or immutable); email filtering and anti-phishing tools; and disciplined patch management. Missing any of these often results in higher premiums, sublimits, or declinations.

2. Privileged Access and Identity Management

Underwriters want assurance that administrative access is tightly governed. They look for privileged access management tools, role-based access controls, password vaulting and rotation, and strict offboarding procedures. Weak identity governance remains a major driver of cyber claims.

3. Incident Response Preparedness

Well-prepared organizations experience fewer severe losses. Underwriters evaluate documented incident response plans, annual tabletop exercises, relationships with external forensics and legal partners, and business continuity and disaster recovery capabilities.

4. Vendor and Supply Chain Controls

Because many breaches originate through third parties, underwriters assess vendor risk management programs, contractual security requirements, oversight of cloud and managed service providers, and segmentation between internal and vendor-connected systems.

5. Loss History and Claims Response

Underwriters review past incidents and how the organization responded — speed of detection, containment, corrective actions, and improvements made.

A strong cyber submission is now a competitive advantage. Organizations that clearly demonstrate their controls, preparedness, and governance are best positioned for stable pricing and comprehensive coverage in 2026.



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