

Insurance Buyers' News



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Market Update

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The Liability Squeeze: Why Businesses Are Paying More for Less Protection

Commercial insurance buyers are entering 2026 facing a challenge that's becoming impossible to ignore: liability insurance is getting more expensive, harder to secure, and more restrictive — even for businesses with clean loss histories. While property insurance is finally stabilizing, liability lines are moving in the opposite direction. The result is a growing liability squeeze affecting organizations of every size and industry.

Unlike property insurance, which is heavily influenced by catastrophe losses and reinsurance cycles, liability insurance is being reshaped by deeper structural forces. These pressures stem from long running trends in litigation, medical costs, legal strategies, and

public sentiment — trends that show no signs of easing. Understanding these drivers is essential for budgeting, planning, and protecting your organization in the year ahead.

What's Driving the Liability Squeeze

1. Rising Loss Severity Outpaces Premium Growth

Even when claim frequency is stable, the severity of liability claims continues to climb. Medical inflation, wage inflation, and rising defense costs all contribute to higher payouts. Defense alone can reach six or seven figures in bodily injury or professional

This Just In ...

OSHA Launches New Enforcement Initiative Targeting High Hazard Industries

OSHA has announced a new 2026 enforcement initiative aimed at reducing serious injuries in high hazard industries, and insurers are paying close attention. The program focuses on sectors with elevated rates of falls, struck by incidents, machine hazards, and chemical exposures — including construction, manufacturing, warehousing, and logistics. OSHA plans to increase inspections, expand the use of programmed enforcement, and apply higher penalties for repeat violations.

For businesses, this initiative has implications beyond regulatory compliance. Insurers often incorporate OSHA activity into their underwriting models, and increased enforcement can influence how carriers assess workplace safety, loss potential, and

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negligence cases. Premiums have not kept pace.

2. Litigation Funding Is Changing the Game

Third party litigation funding allows outside investors to finance lawsuits in exchange for a share of the settlement. This encourages longer, more aggressive litigation and increases the likelihood of large payouts — a major driver of rising severity.

3. Broader Theories of Liability Expand Exposure

Courts and juries are increasingly receptive to broader interpretations of corporate responsibility. Claims involving negligent hiring, supervision, product liability, and premises liability are being evaluated through a wider lens.

4. Social Inflation Pushes Verdicts Higher

Jurors today are more willing to award large sums for pain, suffering, and punitive damages. High profile cases have shaped expectations, contributing to the rise of “nuclear verdicts” — awards exceeding \$10 million.

5. Umbrella and Excess Markets Are Tightening

Excess carriers are raising attachment points and reducing available limits. Many insurers that once offered \$25 million or \$50 million towers now offer \$5 million or less, forcing buyers to build towers with more carriers and higher overall costs.

What This Means for Businesses in 2026

Common themes across the market include:

- ✱ Higher premiums — even for clean accounts
- ✱ More restrictive terms and exclusions
- ✱ Higher attachment points for umbrella and excess layers
- ✱ Increased scrutiny of contracts, safety programs, and documentation
- ✱ Greater emphasis on risk differentiation

Businesses without strong controls may face double digit increases or reduced capacity. Even well managed accounts are not immune to pressure.

What Businesses Can Do Now Strengthen Documentation and Controls

Underwriters want evidence. Maintain detailed records of training, incident reporting, maintenance, and compliance.

Review Contracts and Indemnification Agreements

Strong contractual risk transfer can significantly reduce exposure.

Reevaluate Liability and Umbrella Limits

Given rising verdicts, many organizations

This Just In

overall risk quality. Accounts with strong safety programs may benefit from more favorable underwriting treatment, while those with gaps could face additional scrutiny or higher premiums.

OSHA's initiative also emphasizes documentation. Inspectors will look closely at training records, hazard assessments, lockout/tagout procedures, and incident investigations. These same materials are frequently requested by underwriters evaluating general liability, workers' compensation, and umbrella placements.

What this means for your business:

Companies in high hazard sectors should review their safety programs, update documentation, and ensure compliance with core OSHA standards. Strengthening controls now can reduce regulatory exposure — and improve your position at renewal.

may need higher limits than they carried five years ago.

Start Renewals Early

Liability renewals take longer than they used to. Early preparation improves your chances of securing competitive terms.

The Bottom Line

The liability market is undergoing a structural shift. Rising severity, evolving litigation strategies, and tightening excess capacity are reshaping how insurers evaluate and price liability risk. Businesses that prepare early, document thoroughly, and invest in safety and compliance will be best positioned to navigate the challenges of 2026 and beyond. ■

The Rise of AI Driven Underwriting: What Buyers Need to Know



Artificial intelligence is rapidly reshaping the insurance industry, and underwriting is one of the areas seeing the most dramatic change. While AI has been used behind the scenes for years, 2026 marks a turning point: carriers are now integrating AI into core workflows, risk scoring, submission triage, and even pricing decisions. For commercial insurance buyers, this shift brings both opportunities and new challenges.

AI driven underwriting isn't about replacing human underwriters — it's about helping them process more data, identify patterns faster, and make more consistent decisions. As these tools become more influential, buyers need to understand how they work and how to present their risk effectively.

Why AI Is Transforming Underwriting

1. Carriers Are Processing More Data Than Ever

Traditional underwriting relies on applications, loss runs, and inspections. AI expands that dramatically, analyzing public records, satellite imagery, telematics, IoT data, industry benchmarks, and historical loss patterns. This gives carriers a more complete picture of risk — and much faster.

2. Submission Triage Is Becoming Automated

AI tools score submissions to determine which get fast tracked, which need deeper review, and which may be declined. Clean, complete submissions now matter more than ever.

3. AI Helps Spot Red Flags Earlier

AI models identify anomalies such as sudden payroll changes, inconsistent valuations, gaps in maintenance records, or unusual loss patterns. This doesn't mean a decline — but it does mean more questions.

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What AI Driven Underwriting Means for Buyers

More consistency — but less flexibility. Similar risks receive similar treatment, leaving less room for exceptions. Faster decisions — when data is strong. Well documented accounts move quickly and often receive better terms. More scrutiny for high risk industries. Construction, transportation, manufacturing, and hospitality may see tighter underwriting. Greater emphasis on real time data. Telematics and IoT sensors are becoming part of the underwriting picture.

How Businesses Can Prepare

- ✱ Ensure accurate valuations, updated payroll and revenue figures, and clear operational descriptions.
- ✱ Use telematics, sensors, and monitoring tools to strengthen your risk profile.
- ✱ Maintain documentation of maintenance, training, inspections, and upgrades.
- ✱ Start renewals early — AI speeds up underwriting but also increases scrutiny.

The Bottom Line

AI driven underwriting is here to stay. It brings speed, consistency, and deeper insight — but it also raises the bar for data quality and documentation. Businesses that invest in transparency, strong controls, and well prepared submissions will be best positioned to benefit from this new era of underwriting. ■

Environmental Liability Insurance: Why Demand Is Surging in 2026

Environmental liability insurance — once considered a niche product for heavy industry — is now seeing a surge in demand across a wide range of businesses. New regulations, emerging contaminants, and rising cleanup costs are reshaping how insurers evaluate environmental exposures. As a result, more companies are discovering that traditional general liability policies offer little protection against pollution related claims. In 2026, environmental liability coverage is no longer optional for many organizations — it's becoming a core part of risk management.

The shift is driven by several converging forces. Regulators are tightening standards, courts are expanding theories of liability, and environmental cleanup costs continue to rise. At the same time, insurers are refining their underwriting models to account for new risks such as PFAS contamination, soil vapor intrusion, and stormwater runoff. These trends are pushing environmental liability into the mainstream, affecting industries that never considered themselves high risk.

Why Environmental Liability Is Growing

1. PFAS and Emerging Contaminants Are Changing the Landscape

PFAS — often called “forever chemicals” — have become one of the most significant environmental risks of the decade. These chemicals are found in thousands of products, from firefighting foam to food packaging. Regulators are imposing stricter limits, and lawsuits are spreading across industries. Many carriers now treat PFAS as a major underwriting concern, and some are adding exclusions to traditional liability policies. This has driven demand for specialized environmental coverage that can address emerging contaminants.

2. Cleanup Costs Are Rising Faster Than Inflation

Environmental cleanup is expensive — and getting more so. Remediation costs for soil, groundwater, and vapor intrusion have risen sharply due to labor shortages, stricter standards, and more complex cleanup technologies. Even small spills can lead to six or seven figure expenses. Businesses that rely solely on general liability coverage may find themselves without protection, as most GL policies exclude pollution events entirely.



3. Stormwater and Runoff Regulations Are Expanding

Municipalities and state regulators are tightening stormwater rules, especially for businesses with outdoor operations, vehicle fleets, or storage yards. Violations can lead to fines, cleanup orders, and third party claims. Insurers are paying closer attention to stormwater controls, drainage systems, and site maintenance — and businesses without strong controls may face higher premiums or limited coverage options.

4. Real Estate Transactions Are Driving Demand

Environmental liability is increasingly important in real estate deals. Buyers, lenders, and developers want protection against unknown contamination, historical pollution, or future cleanup obligations. Pollution legal liability (PLL) policies are becoming standard tools in property transactions, especially for industrial, commercial, and mixed use sites.

What This Means for Businesses in 2026

Environmental liability is no longer limited to chemical plants or waste facilities. Today, insurers are evaluating environmental exposures across:

- ✱ Manufacturing
- ✱ Transportation and logistics
- ✱ Hospitality
- ✱ Real estate and development
- ✱ Agriculture and food processing
- ✱ Municipal operations

Even businesses with minimal hazardous materials can face claims related to mold, HVAC contamination, fuel storage, or runoff.

Insurers are also tightening underwriting standards. Carriers want detailed information about:

- ✱ Waste handling and disposal
- ✱ Storage tanks and containment systems
- ✱ Stormwater controls

- ✱ Environmental compliance history
- ✱ Spill response plans
- ✱ Vendor and contractor practices

Businesses that cannot provide documentation may face higher premiums or reduced capacity.

How Businesses Can Prepare

1. Conduct an Environmental Risk Review

Identify potential exposures — even small ones. Many claims arise from routine operations, not major accidents.

2. Strengthen Controls and Documentation

Insurers reward businesses that can demonstrate strong environmental management, including training, inspections, and maintenance.

3. Review Contracts and Vendor Practices

Environmental liability often flows through contractors. Ensure contracts include proper indemnification and insurance requirements.

4. Consider Specialized Coverage

Pollution legal liability, contractors pollution liability, and site specific policies can fill gaps left by general liability coverage.

The Bottom Line

Environmental liability is expanding, and businesses across the economy are feeling the impact. Rising cleanup costs, new regulations, and emerging contaminants are pushing insurers to tighten underwriting and prompting buyers to seek broader protection. Companies that understand their exposures, strengthen controls, and explore specialized coverage will be best positioned to manage environmental risks in 2026 and beyond. ■

Why Insurers Are Asking About Your Supply Chain

Supply chain risk has become a major underwriting factor across multiple lines of insurance — not just for manufacturers or importers. In 2026, carriers are asking far more detailed questions about how businesses source materials, manage vendors, and prepare for disruptions. The reason is simple: supply chain failures have become one of the most common drivers of business interruption losses, and insurers are recalibrating how they evaluate this exposure.

The shift didn't end with the pandemic. Extreme weather, geopolitical tensions, port delays, and labor shortages have all contributed to a more fragile global supply network. Even businesses that operate locally can be affected if a key supplier, contractor, or logistics partner experiences a disruption. Underwriters now recognize that a company's risk profile is tied not only to its own operations but also to the stability of the partners it depends on.

What Underwriters Want to Know

1. Vendor Concentration

Relying heavily on a single supplier — especially one overseas or in a catastrophe prone region — is viewed as a major exposure. A single point of failure can halt operations.

2. Geographic Clustering

If multiple suppliers are located in the same region, a wildfire, flood, or political event could affect all of them at once.

3. Contingent Business Interruption Exposure

Carriers want to understand how long a business could operate if a key supplier or customer were disrupted. Many now request contingent BI details that were rarely asked for five years ago.

4. Backup Plans and Redundancy

Companies with alternative suppliers, diversified sourcing, or documented contingency plans are viewed more favorably.

What Businesses Can Do Now

- ✦ Map your supply chain to identify single source dependencies.
- ✦ Document backup suppliers or alternative sourcing options.
- ✦ Review contracts for proper insurance and indemnification.
- ✦ Evaluate contingent BI limits to ensure they match your exposure.
- ✦ Highlight improvements in renewal submissions — underwriters reward transparency. ■



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