Insurance Buyers' News

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The 2026 Commercial Insurance Market: One Market, Two Directions

Commercial insurance buyers are navigating a market that seems to be moving in two directions at once. Property insurance is finally loosening, offering lower premiums and broader terms for well managed risks. At the same time, casualty lines — especially commercial auto, umbrella, and general liability — continue to tighten. It's a split market, and understanding the divide is essential for planning renewals in 2026.

Property Finds Its Footing Again

After nearly nine years of steady increases, property insurance is showing clear signs of softening. Carriers have more capacity, reinsurance costs have stabilized, and early year catastrophe losses have been manageable. Businesses with strong fire protection, updated electrical systems, and consistent maintenance are seeing meaningful improvements in pricing.

The relief, however, has boundaries. Secondary perils — wildfire, hail, inland flooding — still dominate global losses, and underwriters remain cautious. Properties in high risk zones continue to face higher deductibles, stricter terms, and closer scrutiny. The softening is real, but it's selective.

Another factor shaping the property market is the growing reliance on technology. Carriers are using aerial imagery, remote sensors, and automated inspections to verify building conditions and maintenance practices. This gives them greater confidence in well managed risks and allows them to differenti-

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This Just In ...

Property Rates Finally Ease — But Not for Everyone

For the first time in nearly a decade, commercial property insurance buyers are seeing something they haven't seen in years: rates drifting downward instead of climbing. The shift began quietly early in 2026, but by midsummer it was clear that carriers were finally loosening their grip. Brokers reported renewals that didn't require a deep breath before opening the quote, and underwriters began asking questions that sounded more like negotiations than interrogations.

Why the Market Is Softening

The change didn't come from a single cause. Reinsurers entered the year with more confidence after manageable catastrophe losses and improved modeling tools. Carriers also leaned heavily on technology — aerial imagery, remote sensors, and automated inspections — to get a clearer picture of the risks they were taking on. With better information, they were willing to compete again for well managed accounts.

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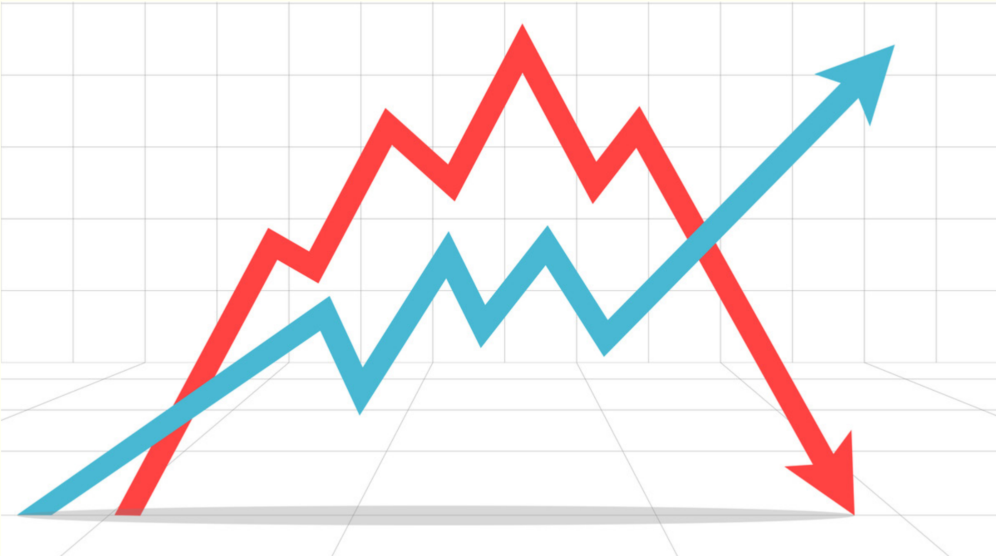


ate more sharply between properties with strong controls and those with deferred maintenance. In many cases, the quality of documentation and data a business can provide is becoming just as important as the physical condition of the building itself.

Casualty Continues to Harden

While property improves, casualty lines tell a different story. Commercial auto remains one of the most challenging lines, driven by rising repair costs, advanced vehicle technology, and distracted driving losses. Liability claims are also becoming more expensive, fueled by broader liability theories and larger jury awards.

Umbrella carriers are responding by raising attachment points and tightening wording. Even well run businesses may see increases simply because the underlying cost of claims keeps rising. In some industries — transportation, construction, manufacturing — casualty underwriters are asking for more documentation, more detail, and more evidence of safety protocols before offering terms.

Why the Split Exists

The divergence comes down to two forces moving in opposite directions. Property losses have stabilized, and carriers have better tools to evaluate risk. Liability losses, on the other hand, continue to grow. Medical inflation, litigation trends, and social inflation all push casualty claim costs higher, and carriers price accordingly.

The result is a market where a business might see a welcome decrease in its property premium while facing a significant increase in auto or umbrella — all in the same renewal cycle.

This Just In

Relief With Limits

But the softening isn't universal. Businesses in wildfire zones, coastal regions, and severe storm corridors still face firm pricing and tighter terms. Underwriters remain cautious about secondary perils, which continue to drive the majority of global losses. For these buyers, the market feels more like a pause than a reversal.

Bottom Line

Property relief is real, but selective. Businesses that maintain strong documentation and invest in risk control improvements will benefit most.

Key points:

- **Rates are easing for well managed, non CAT exposed properties.**
- **Technology is giving carriers confidence to expand capacity.**
- **CAT exposed regions still face firm pricing and tighter terms.**

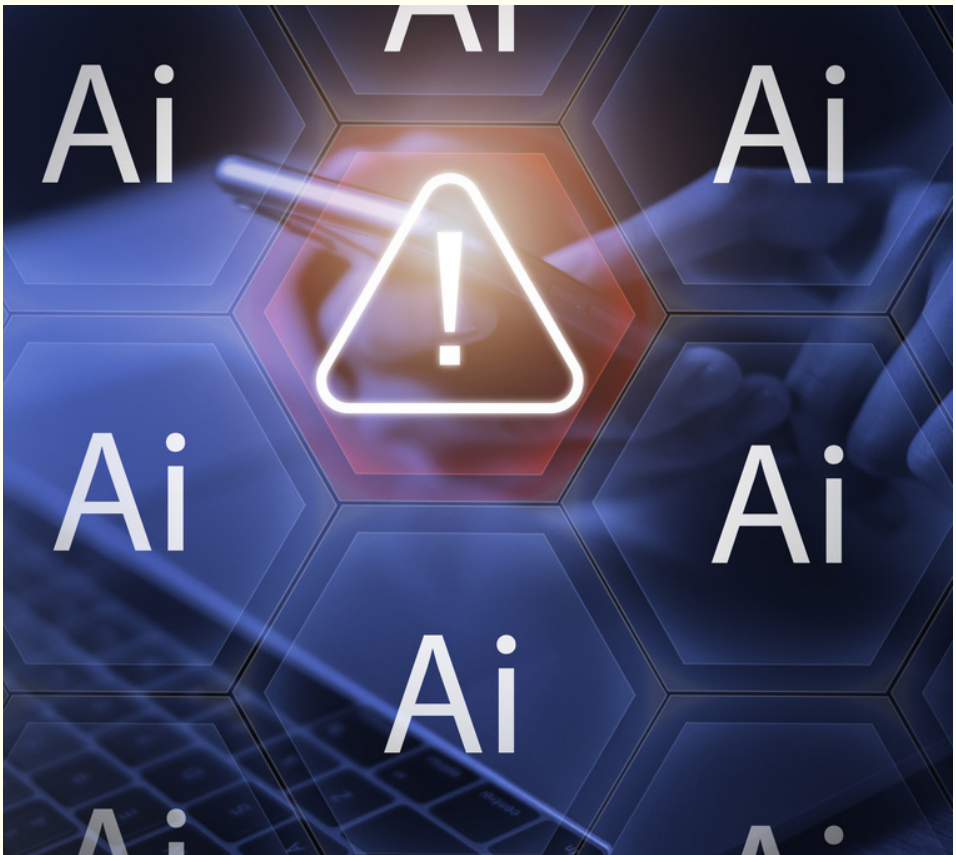
Navigating the Year Ahead

In a split market, preparation matters more than ever. Businesses that document their safety programs, maintain their buildings, and update contracts and indemnification agreements will be better positioned. Early conversations with brokers can help avoid surprises, especially in casualty lines where increases may be unavoidable.

Key takeaways:

- Expect property relief, but only for well managed, non CAT exposed risks.
- Casualty lines will continue to rise due to severity trends.
- Early renewal preparation is essential in a split market.
- Strong documentation and safety practices improve outcomes.

AI Risks Are Now Real Risks: What Businesses Need to Know



Artificial intelligence has moved from the experimental corner of the office to the center of daily operations. Businesses use AI to screen résumés, analyze financial data, monitor equipment, and communicate with customers. With that shift comes a new category of risk — one that insurers are watching closely because claims are already happening. What once felt like a futuristic concern has become a practical, day to day exposure that touches nearly every industry.

Fraud and Misuse Are Leading the Way

The most visible losses involve fraud. Deepfake technology has made it possible for criminals to impersonate executives convincingly enough to authorize wire transfers or release sensitive information. AI generated phishing emails are polished, personalized, and far more effective than the clumsy scams of years past. Cyber carriers are seeing these claims regularly, and many now treat AI enabled fraud as a core underwriting concern rather than an emerging trend.

But fraud isn't the only exposure. AI tools used in hiring, lending, or customer service can unintentionally produce biased outcomes. When that happens, businesses may face discrimination claims under employment practices or professional liability policies. Other losses stem from simple errors — an AI system that misreads data, produces incorrect recommenda-

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tions, or makes decisions without proper oversight. In some cases, the business doesn't even realize an AI tool made the decision until a claim or complaint forces a closer look.

Insurers Are Tightening Coverage

Insurers are responding by tightening exclusions and asking more questions about how businesses govern their AI tools. They want to know who reviews AI generated decisions, how systems are tested, and whether employees are trained to recognize AI driven fraud. Some carriers are adding endorsements that limit coverage for unauthorized AI use or for decisions made without documented human review. Others are requiring businesses to disclose which AI tools they use and how those tools are integrated into daily operations.

Managing the Risk

Businesses don't need to abandon AI to stay protected. They simply need clear policies, human oversight, and documentation showing how AI tools are selected and monitored. AI can be a powerful asset, but like any tool, it works best when someone is paying attention. The companies that treat AI governance as seriously as cybersecurity or workplace safety will be better positioned — both in preventing losses and in securing favorable insurance terms.

Recommendations:

- Establish an AI use policy with human oversight.
- Train employees to recognize AI generated fraud.
- Document how AI tools are tested and monitored.
- Review insurance policies for AI related exclusions.

Tariffs, Trade Policy, and the Rising Cost of Claims

Tariffs and shifting trade policies are affecting more than supply chains — they're quietly increasing the cost of insurance claims across multiple lines. When the price of auto parts, building materials, and specialized equipment rises, the cost of repairing damage rises with it. That pressure shows up in commercial auto, property, and liability claims, often in ways businesses don't immediately see. What feels like a distant geopolitical issue becomes very real the moment a business files a claim and discovers that the same repair now costs significantly more than it did just a few years ago.

Auto Claims Feel It First

Commercial auto is one of the clearest examples. Modern vehicles rely on sensors, cameras, and advanced electronics, many of which are imported. When tariffs raise the cost of those components, repair bills climb. Longer wait times for parts also increase rental car expenses and downtime costs, pushing claim severity even higher. In some cases, a minor collision that once required a simple bumper replacement now involves recalibrating multiple systems — each with its own cost and delay. Carriers are seeing these trends across fleets of all sizes, and they're adjusting rates accordingly.

Property Claims Are Not Immune

Property claims feel the impact as well. Roofing materials, steel, lumber, and electrical components have all seen price increases tied to trade policy. Even a small fire or water loss can cost significantly more to repair than it did just a few years ago. Contractors must pay more for materials, and those costs flow directly into insurance claims. Businesses planning renovations or upgrades are also discovering that projects take longer and cost more, which can complicate business interruption claims and extend recovery timelines.

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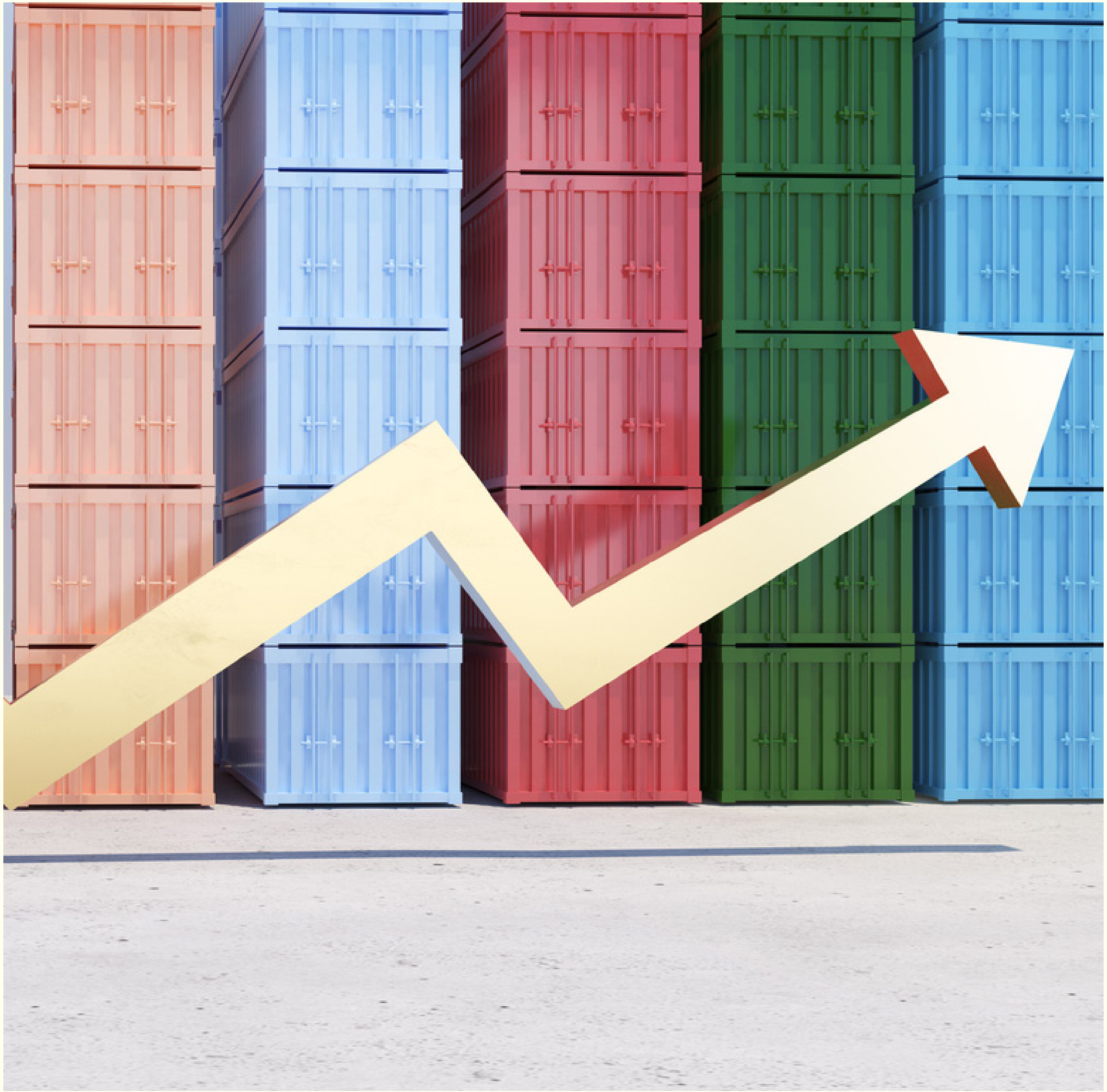

Liability Settlements Rise Too

Liability claims rise for similar reasons. When the cost of repairing damage increases, settlements increase too. Plaintiffs' attorneys use higher repair estimates to justify larger awards, and carriers adjust their pricing to keep pace. In disputes involving property damage, vehicle damage, or equipment replacement, the underlying numbers simply start higher — and that affects negotiations from the outset.

What Businesses Can Do

Businesses can't control global trade policy, but they can manage how these pressures affect their operations. Regular maintenance, strong safety programs, and clear documentation during claims can help reduce severity. Understanding how tariffs influence repair costs also helps businesses anticipate changes in premiums and prepare for renewal discussions.

Key points:

- Tariffs raise the cost of auto parts and building materials.
- Higher repair costs lead to higher liability settlements.
- Strong maintenance and documentation help control claim severity.

Workers' Compensation: Stable, But Showing Early Warning Signs

Workers' compensation remains one of the most stable commercial lines, offering predictable pricing and steady results for most businesses. Many employers continue to see flat or slightly reduced premiums, thanks to strong safety programs and long term improvements in workplace injury rates. For many organizations, workers' comp has become the one line they can count on to behave consistently from year to year.

Underlying Pressures Are Emerging

Beneath that stability, however, early warning signs are emerging. Medical inflation is rising, especially for specialized treatments and advanced procedures. Even small increases in medical severity can ripple through long tail claims, affecting costs years after an injury occurs. Wage growth also plays a role. As salaries rise, indemnity payments rise with them, increasing the cost of lost time claims. Some carriers are also watching the growing complexity of cumulative trauma claims and mental health related injuries, both of which can extend claim duration and increase overall severity.

Preparing for What Comes Next

These pressures don't mean workers' comp is about to harden, but they do suggest that the line may tighten if trends continue. Employers who invest in return to work programs, update job descriptions, and maintain strong safety documentation will be better positioned if the market shifts. Staying proactive now helps ensure that future changes in pricing or underwriting won't come as a surprise.

Final thoughts:

- Workers' comp remains stable but faces rising medical and wage pressures.
- Strong return to work programs help control long tail claims.
- Updated job descriptions and safety documentation improve outcomes.

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