



MARKET CONDITIONS REPORT

COMMERCIAL LINES P&C

Expect continued rate increases across most commercial property and casualty (P&C) lines. Here's what to anticipate:

Commercial Property



Rate Increases
Higher in catastrophe-prone areas

6%–15%+

Key Drivers

- Inflation
- Rising Replacement Costs
- Increased Catastrophe Losses (CA Fires)

Market Trends

- Stricter underwriting
- higher deductibles
- reduced capacity in high-risk zones

General Liability



Rate Increases
5%–15%+

Key Drivers

Increased litigation, higher medical costs, and "social inflation" (large jury verdicts)

Market Trends

Carriers scrutinizing exposures, industry-specific exclusions increasing

Commercial Auto



Rate Increases
5%–15%+

Key Drivers

Rising accident frequency/severity, repair costs, and nuclear verdicts

Market Trends

Telematics and fleet safety programs can mitigate pricing impact

Workers Compensation



Rate Increases
-10%–+5%

Key Drivers

Favorable loss trends but rising medical inflation

Market Trends

Companies with poor loss experience may see larger increases

Umbrella/Excess Liability



Rate Increases
10%–25%+

Key Drivers

Large jury awards, increased severity of claims across auto and liability lines

Market Trends

Higher attachment points, more restrictive terms, reduced capacity



MARKET CONDITIONS REPORT

PERSONAL LINES

The personal home and auto insurance marketplace is experiencing significant shifts due to several key factors. **Here's what's driving pricing and coverage changes:**

Inflation & Rising Repair Costs



In Home Insurance

Higher material and labor costs are increasing rebuilding expenses, leading to higher premiums.



In Auto Insurance

Increased costs for vehicle repairs (due to advanced technology in cars) and higher medical expenses and verdicts after accidents are pushing up rates.

More Frequent & Severe Weather Events



In Home Insurance

Hurricanes, wildfires, floods, and hailstorms are leading to record-high catastrophe claims, making insurers raise rates or withdraw from high-risk areas.



In Auto Insurance

Extreme weather increases accident rates and vehicle damage, impacting claims frequency and severity.

Auto Loss Trends & Risky Driving Behavior



More Accidents & Severe Claims

Distracted driving, higher speeds, and increased road congestion have led to **higher claims frequency and severity.**



Costlier Vehicle Repairs

Newer vehicles with **advanced driver-assistance systems (ADAS)** and electric vehicles (EVs) are more expensive to repair after an accident.

Litigation & Social Inflation



Nuclear Verdicts

Courts are awarding larger settlements for liability claims, litigation funding increasing costs for insurers.



Rising Fraud

Staged accidents, fraudulent roof claims, and inflated repair costs are driving losses.

Pricing Expectations

In Home Insurance



+10% to 30%+

(Higher in catastrophe-prone areas)



In Auto Insurance

+5% to 25%+

(Higher for younger drivers, urban areas, or luxury vehicles)



MARKET CONDITIONS REPORT

EMPLOYEE BENEFITS

Employers should expect continued cost pressures, changing employee expectations, and new compliance challenges. **Here are the key factors impacting the market:**

Rising Healthcare Costs

Medical Inflation

Healthcare costs are **projected to rise 6-8%+** due to increased demand, provider shortages, and rising pharmaceutical costs.

Specialty Drugs

New, high-cost treatments (e.g., gene therapies, GLP-1 drugs like Ozempic/Wegovy) are significantly impacting claims.

Chronic Conditions

More employees are managing diabetes, cardiovascular disease, and mental health disorders, leading to higher utilization.

Increased Employee Expectations

Expanded Benefits Demand

Employees expect more than just traditional health insurance, including **mental health support, fertility treatments, and financial wellness programs.**

Personalized & Flexible Plans

Rising demand for **voluntary benefits** (e.g., supplemental health, critical illness, pet insurance) to meet diverse workforce needs.

Hybrid & Remote Work Impact

Remote workers may require **different coverage options**, and some employers are adjusting benefits accordingly.

Rising Stop-Loss & Self-Funding Costs

Large Claim Volatility

Employers with self-funded plans are facing **rising stop-loss premiums** due to catastrophic claims.

Shift to Self-Funding

More mid-sized employers are exploring self-insurance and level-funded plans to control costs and avoid state mandates.

Technology & Data-Driven Benefits

AI & Predictive Analytics

Employers and insurers are using **data analytics to manage claims, detect fraud, and optimize plan design.**

Virtual Care & Telehealth

More plans include **telemedicine, digital behavioral health, and virtual primary care** to reduce costs and improve access.

Wearables & Wellness Integration

Programs tied to fitness trackers (e.g., Fitbit, Apple Watch) are gaining traction for **preventative care incentives.**



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EMPLOYEE BENEFITS

Increased Competition Among Insurers & Vendors

Carrier Consolidation

Mergers among insurers and third-party administrators (TPAs) are reshaping the market, leading to pricing shifts and fewer options.

New Market Entrants

Tech-driven insurtech firms are disrupting the benefits space with more customizable and digital-first solutions.

Private Exchanges & Level-Funded Plans

Employers are exploring alternative funding models and exchange platforms to manage rising premiums.

Pricing & Trend Outlook

Medical Insurance

+6% to 10%+

(Higher for small/mid-sized employers)

Pharmacy Costs

+8% to 12%

(Specialty drugs driving costs)

Dental & Vision Insurance

+3% to 6%

(Stable, but enhanced benefits may cost more)

Disability & Life Insurance

Flat to +5%

(Minimal rate hikes, but aging workforce could increase costs)