MARSH AGENCY

September 2026

2026 State of the Market – Q2 Update

Global observations: eight consecutive quarters of declines

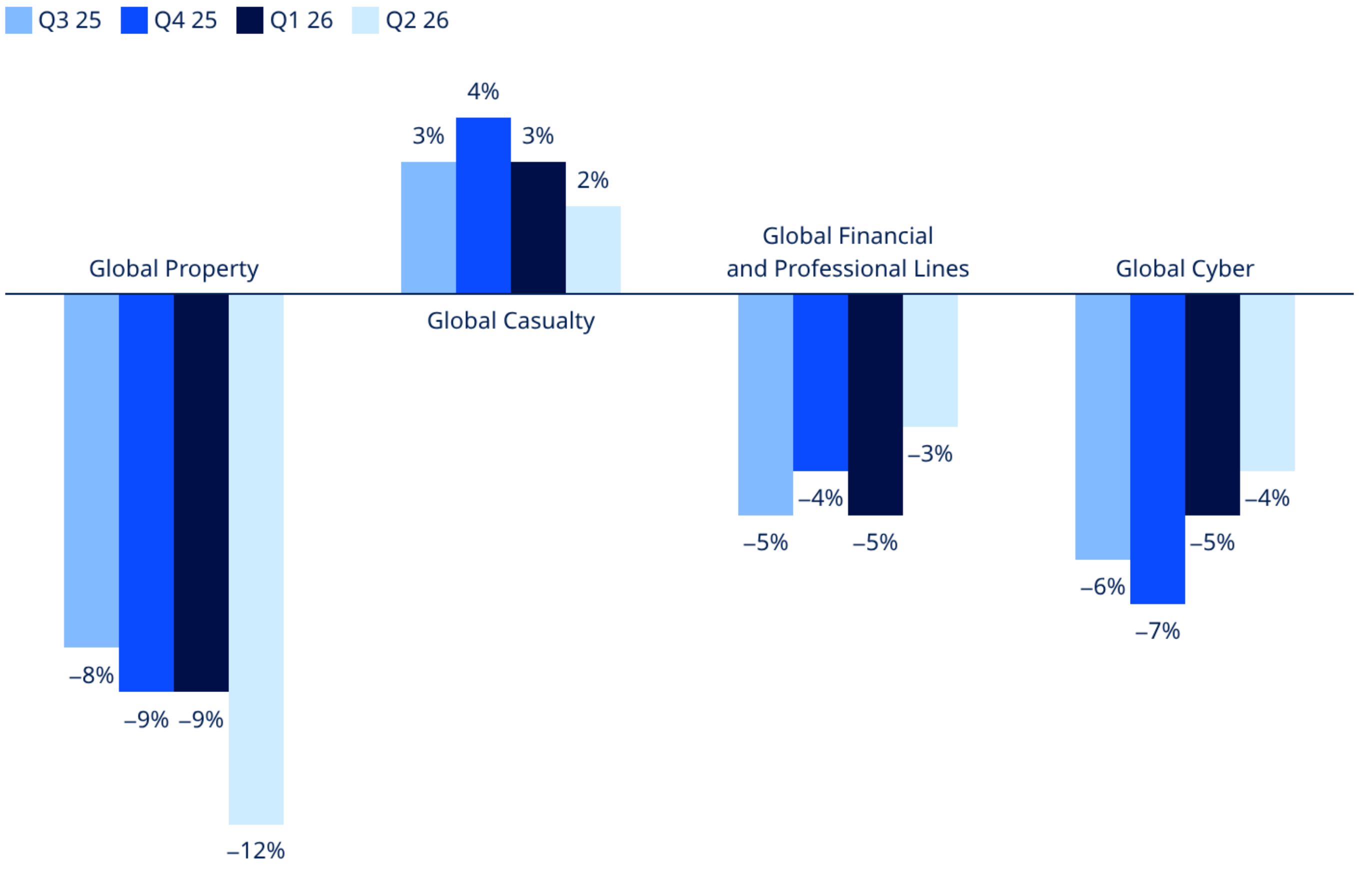
Global commercial insurance rates fell 6% in Q2 2026.

Source: Specialty and Global Placement

What’s keeping the global market competitive?

Insurers are reporting strong financial results, plenty of capital is available, reinsurance costs are lower, and investment returns are higher.

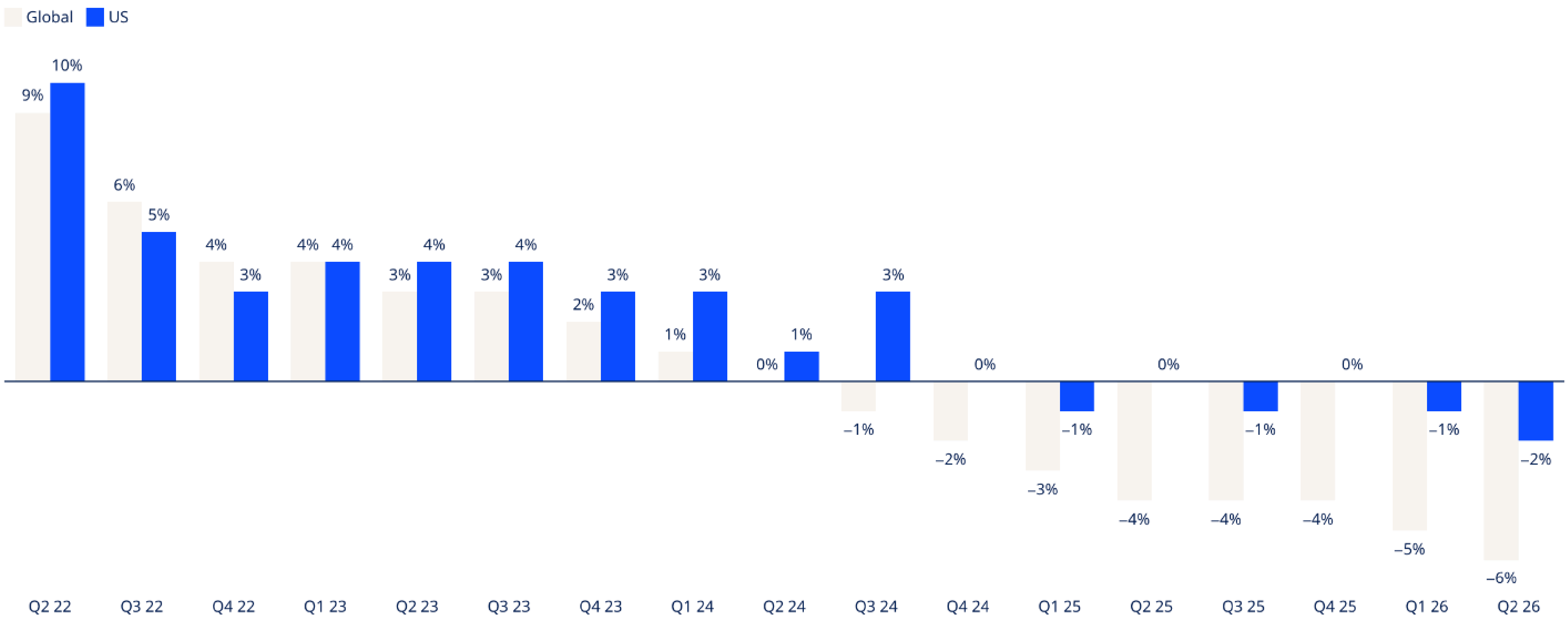
To win business, insurers are offering broader coverage, better policy terms, and lower deductibles.



Source: Specialty and Global Placement

U.S. composite rate down 2%; casualty and financial lines register increases

Insurance rates in the U.S. fell in the second quarter, following a 1% decline in the first quarter.



Source: Specialty and Global Placement

U.S. property rates down 13% in Q2 2026

Cat-exposed programs were down about 20% for accounts with more than $1 million in premium; smaller non-cat programs under $1 million were down about 10%.

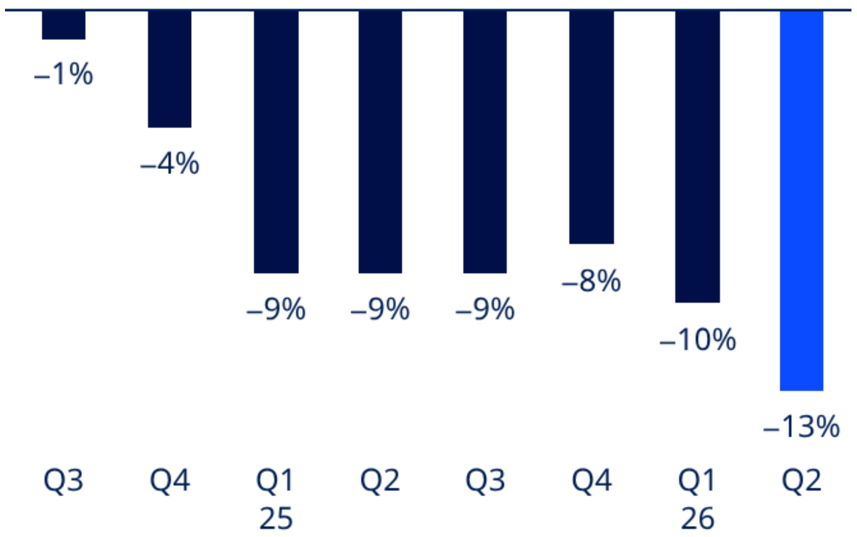
More capacity and competition expanded placement options, including for higher-risk industries.

Underwriters eased terms and added coverage enhancements to win business.

Flexibility increased, but insurers remain cautious about catastrophe exposure, complex risks, and cyber exclusions.

Submissions are less detailed, and underwriting is increasingly supported by historical loss data and alternative sources.

Buyers are redesigning programs to improve coverage and manage cost; accounts with losses or weaker data still face tougher outcomes.



U.S. severe convective storm season update

Seasonal headlines from Marsh Re

Above-average activity year to date

The first half of 2026 was more active than normal for U.S. severe convective storms (SCS), with preliminary Storm Prediction Center reports showing activity 36% above the 2016–2025 average through June 30. Elevated tornado and straight-line wind activity drove the above-average totals, while hail reports remained slightly below average overall.

Insured losses lower than in recent years

While SCS catastrophe events are tracking close to the 10-year average, overall severity is notably lower on a per-event basis, as are total losses. In part, this reflects limited activity in Texas, the Southern Plains, and the Southeast U.S. While losses continue to develop, 2026 is tracking toward the lowest industry losses since 2021 and 2019.

Regional activity

Severe weather impacts have been most concentrated in the Midwest and Mid-Mississippi Valley, while parts of the Great Plains and Southeast have been comparatively quieter. Activity in Illinois and Indiana has been nearly four times above average. By contrast, the Southern Plains and Southeast U.S. have experienced well-below-average storm activity.

The El Niño transition

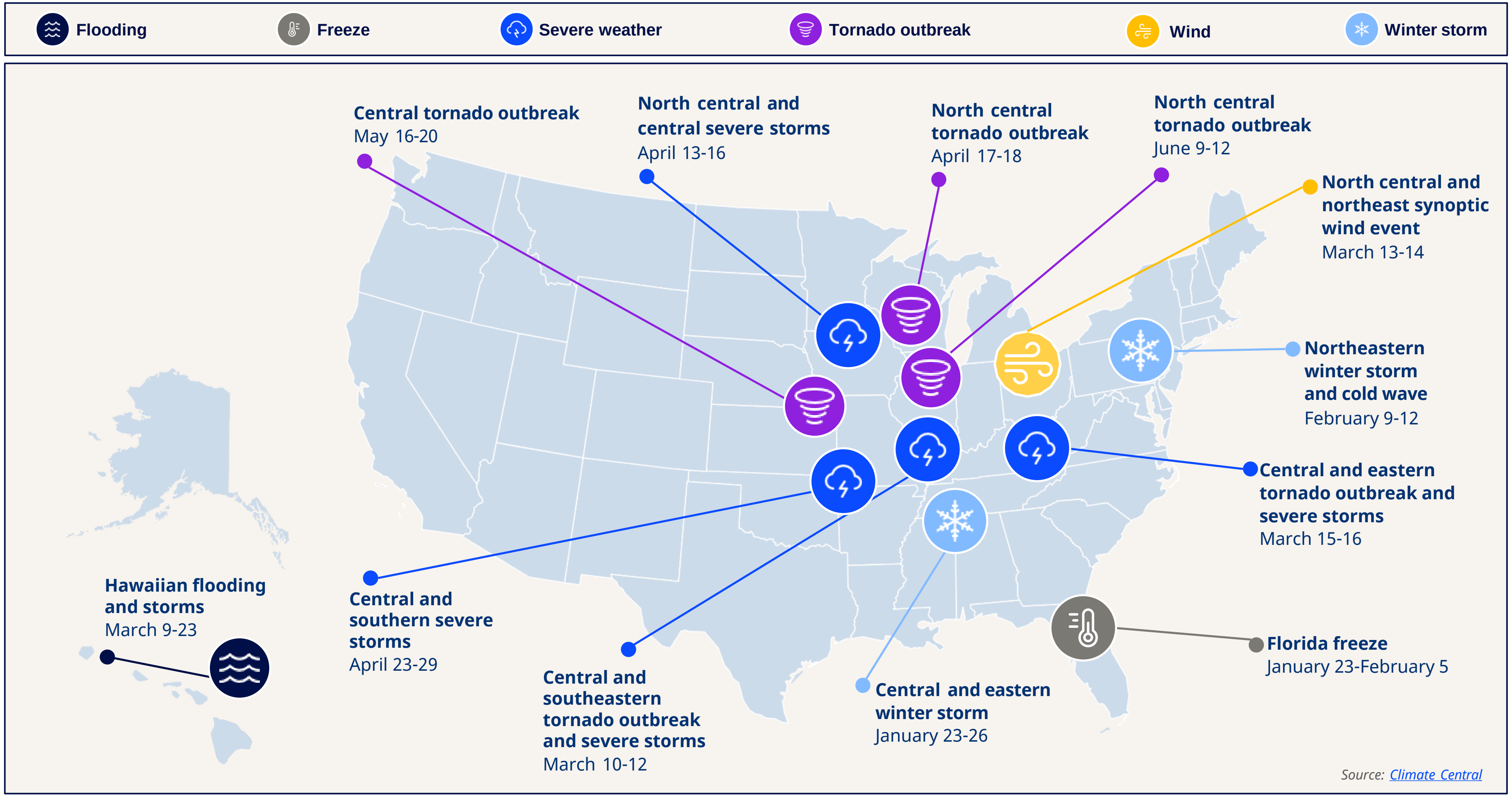
There has been significant attention on the pending strong El Niño event in the second half of the year. The atmosphere remained in a lingering La Niña phase for most of early 2026. **The strengthening El Niño is expected to have its most pronounced impact on spring 2027 activity and will depend on the intensity and duration of the event.**

Source: Marsh Re

U.S. 2026-billion-dollar weather and climate disasters, by Climate Central

Analysis from Climate Central indicates that changing climate conditions can affect how often and how severely some extreme-weather events occur, contributing to billion-dollar disasters.

Key signals include increased drought exposure, longer wildfire seasons across western states, and a greater likelihood of very heavy rainfall in eastern states. Rising sea levels can also amplify hurricane storm-surge flooding.



U.S. casualty rates still rising, but at a slower pace

In Q2 2026, U.S. casualty rates rose 7% overall, or 11% excluding workers' compensation. Momentum is easing, but rates have increased each quarter since 2019.

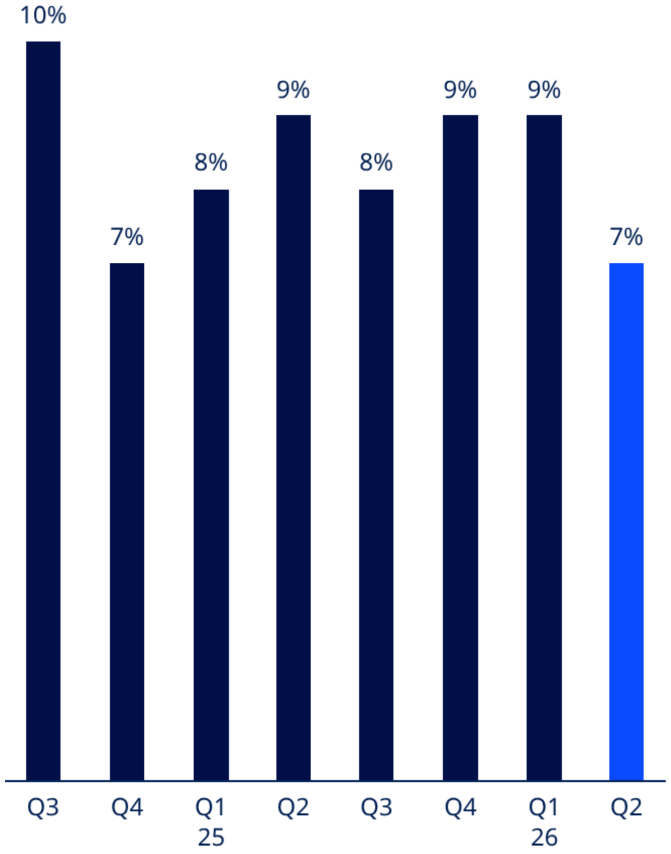
Renewal outlook: selective underwriting continues, with pockets of improved competition.

Workers' compensation remains the most competitive line; excluding it, casualty pricing rose 11%.

Automobile liability remains under pressure from loss trends, and double-digit increases are still common.

Capacity remains tight and underwriting selective; packaging auto with stronger lines can improve outcomes for some buyers.

Umbrella and excess pricing continues to rise but is moderating. Carriers remain cautious on large limits, and some buyers are increasing retentions to manage cost.

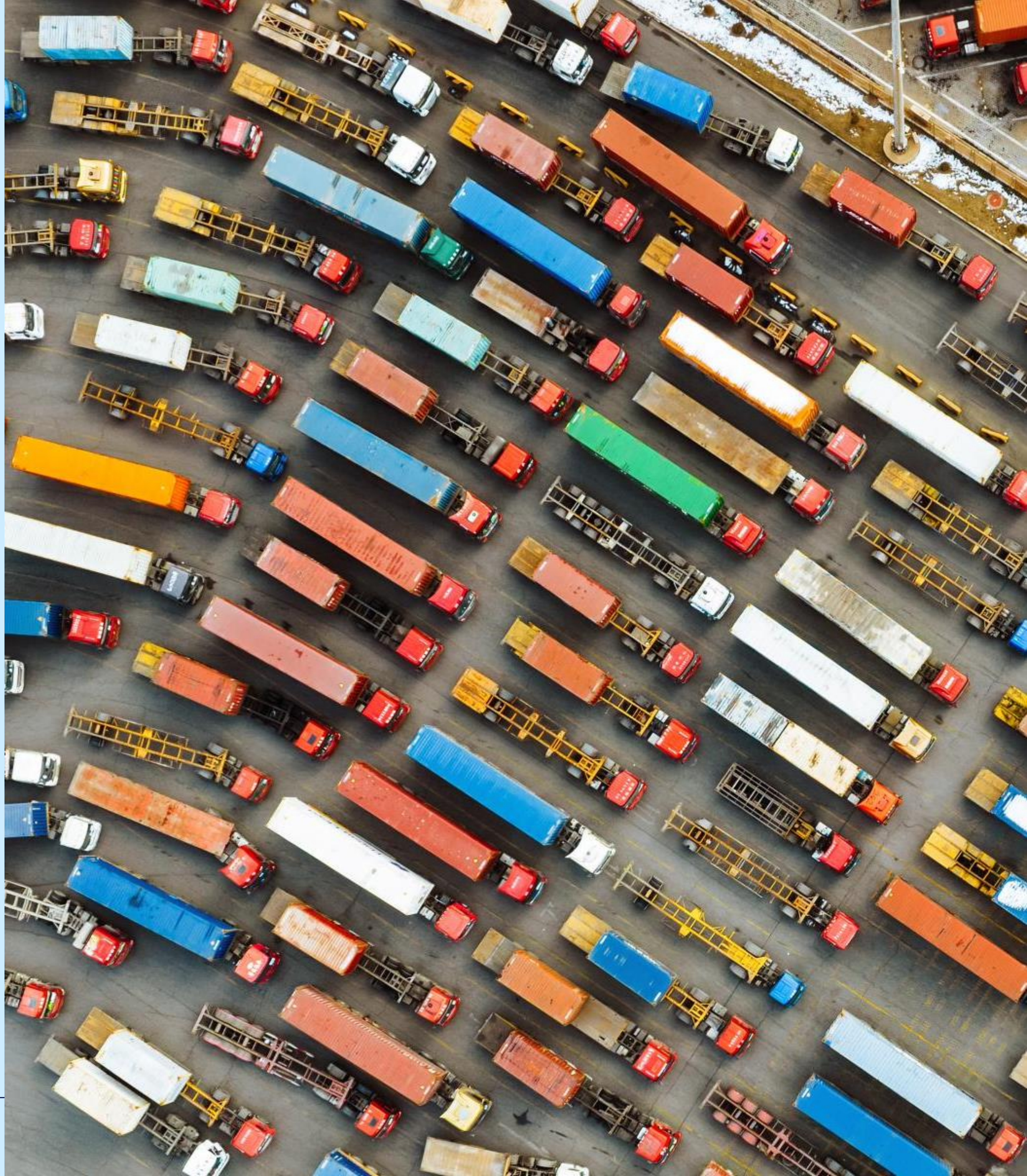


Why casualty rates remain elevated

Loss severity continues to rise. Nuclear verdicts and large settlements are pushing attachment points higher, especially for fleets and insureds in high-litigation states.

Carriers are also pricing in emerging liabilities such as PFAS, ultra-processed foods, and human trafficking. That uncertainty is tightening terms and adding cost for some programs.

Buyers with strong loss performance, credible data, and clear controls are seeing the best renewal outcomes. Others are using captives and alternative structures to manage volatility, cost, and available limits.



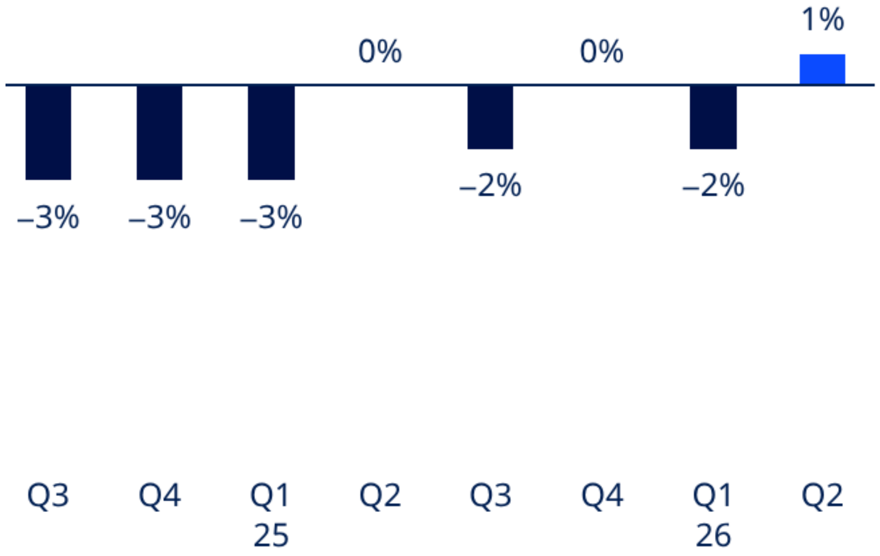
U.S. financial and professional lines are stabilizing — large risks remain challenging

U.S. financial and professional lines were essentially flat in Q2, up 1%, with financial institutions slightly lower at -1%. D&O pricing was also up about 1%; many renewals were flat in the absence of significant losses or major corporate changes.

For larger public-company programs, some carriers are offering less capacity and applying tighter underwriting.

Reaching higher limits may require more carriers to participate in the program.

Side A demand remains strong; fiduciary coverage was up about 4% as litigation and defense costs increased.



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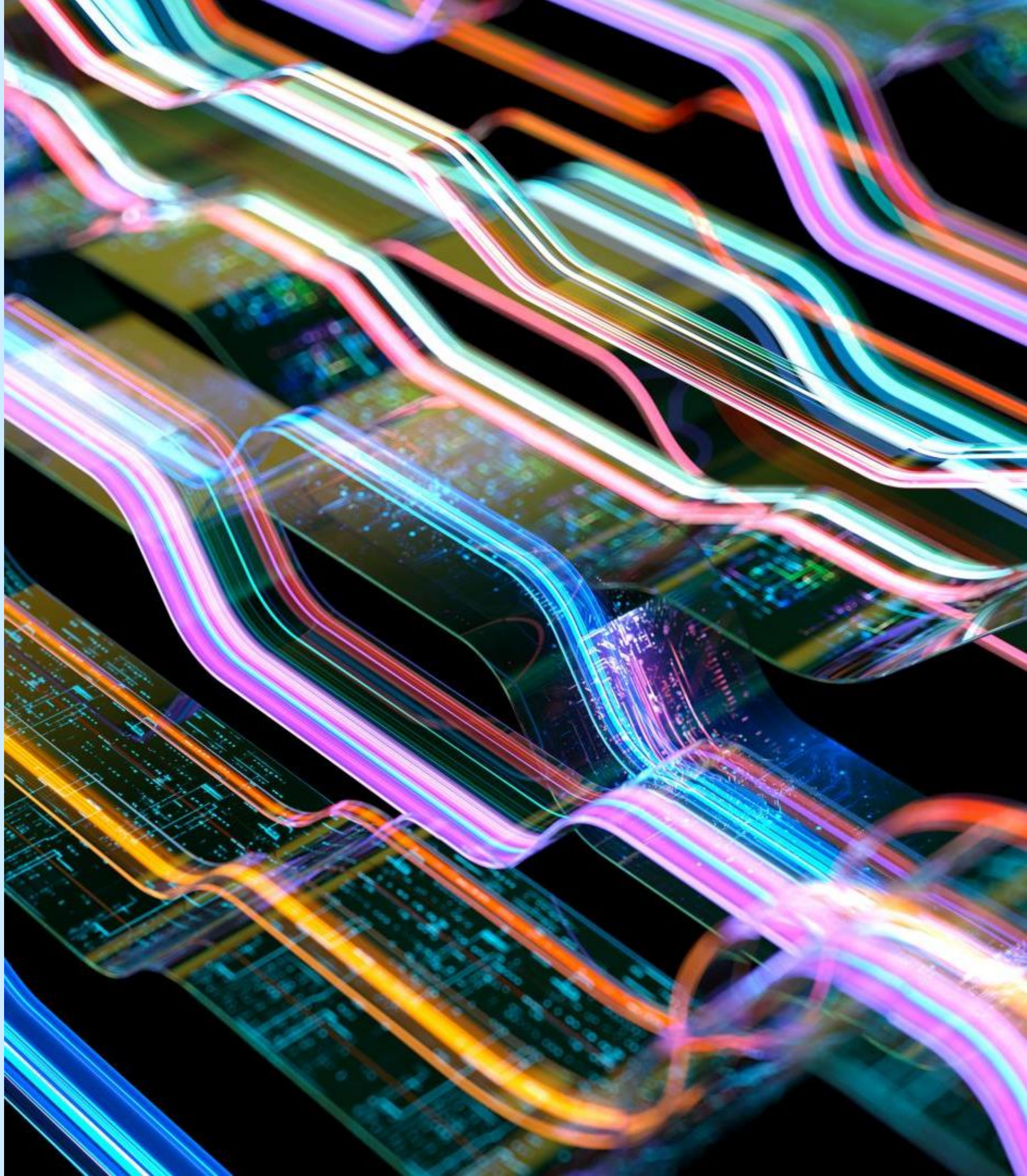
Cyber insurance: prices are easing, but new questions are emerging

Cyber insurance pricing continued to ease in Q2, down about 2%, extending the downward trend that began in mid-2023.

Even so, many organizations are still bringing more insurers into renewal to secure the amount of coverage they want and the most competitive options.

The conversation is shifting from price to preparedness: how AI is being used and governed, how dependent the business is on key technology vendors, and how well privacy obligations are being managed as laws expand.



Use property relief to strengthen the rest of your program

Property terms that can support cash flow recovery	Business interruption assumptions, extra expense coverage, catastrophe deductibles, sub-limits, and coverage triggers
Benchmark severity lines where a single event can affect the year	Umbrella and excess structure, cyber business interruption, and directors and officers (D&O) coverage
Pressure-test liability drivers	Third-party litigation exposure, contractual risk transfer, claim trends, and retentions

If property pricing is easing, don't let the benefit stop at premium savings.

Consider using that leverage to explore opportunities to improve terms, validate limits, and help reduce risks that could lead to unbudgeted losses.

Don’t just renew

Build a short list of targeted improvements you might fund with property leverage, then focus on the changes that could help reduce volatility and support cash flow.

Benchmark and validate

Compare your current limits and key terms for umbrella and excess, cyber, and directors and officers (D&O) coverage against today’s market.

Close high-impact gaps

Consider trading up credit coverage for accounts receivable risk and environmental liability where exposures exist.

Align with your risk appetite

Adjust retentions, towers, and wording to fit what you can absorb versus what you want to transfer.

What to consider funding with property relief

- Enhancing business interruption, catastrophe (CAT) coverage, or critical sub-limits
- Improving cyber liability limits and coverage terms
- Adjusting umbrella and excess limits and reviewing attachment strategies
- Adding or expanding trade credit coverage
- Evaluating environmental coverage fit

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