

COMMERCIAL

HUB 2025

Outlook

Mid-Year
Rate Report

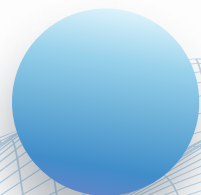
Strategic Opportunity in a Shifting
Canadian P&C Landscape



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Rates in the Canadian commercial property and casualty (P&C) insurance market continued to soften through the first half of 2025, with favourable pricing across most lines and industries. However, macroeconomic uncertainty, loss inflation and the rising frequency of natural catastrophes are contributing to underwriting caution.

For risk managers and business leaders, the current environment presents both an opportunity to enhance protection and a critical window to address emerging vulnerabilities.



Rate Insights from the First Half of 2025

Carrier appetite for risk remains strong in Canada, as both domestic and international insurers pursue diversification from U.S. catastrophe (CAT) exposure. Many insurers have fallen short of their top-line revenue goals, prompting more aggressive pursuit of Canadian business through Q3 and Q4.

The overall result is continued softening across the market. However, emerging trends are signaling areas of growing complexity. Social inflation — once a predominantly U.S. concern — is becoming a larger issue in Canada. In a recent premises liability settlement in British Columbia, a convenience store ended up paying nearly \$1 million plus court costs to a claimant when the case was brought to trial.¹ This shift in judicial sentiment is likely to impact casualty underwriting moving forward.

What to Expect for the Remainder of 2025

Rebuilding costs are soaring due to inflation, labour shortages and supply chain delays, prompting Canadian insurers to take a much more cautious approach when underwriting catastrophic risks. Many are also expanding their claims teams to respond to future CAT events and investing in pre-event modeling that can measure potential losses.

Tariffs are expected to affect loss costs, particularly on auto lines, as the parts needed to complete vehicle repairs go up. Many carriers are forecasting claims costs could increase 3% to 6%. Similarly, insurers are also closely managing their exposure in wildfire-prone regions and other high-risk geographies.

Global geopolitical instability continues to cast a shadow on the Canadian economy, leading to a greater focus by insurers on balance sheet protection, especially for businesses reliant on receivables and global suppliers.

1. CTVNews.ca, "[7-Eleven lawsuit settlement: Judge orders \\$900K in injury lawsuit](#)," May 22, 2025.

Critical Coverage Gaps to Address

As businesses navigate through economic uncertainty, several risks cannot afford to be overlooked, including:

- **Cyber risk** - Despite its frequency and financial severity, cyber exposures are frequently underinsured, particularly by mid-sized organizations.
- **Property and business income valuations** - These are often outdated or inaccurately modeled, resulting in coverage gaps that surface during loss adjustment.
- **Trade credit insurance** - This coverage is becoming essential in today's economic climate. As more businesses enter receivership, ripple effects are felt across supply chains.
- **Private D&O and Employment Practices Liability (EPL) coverage** - With restructuring and layoffs accelerating in several sectors, EPL offers critical protection against costly employee-related litigation.

Strategic Actions to Capitalize on a Favourable Market

While the Canadian P&C market is generally favourable, the underlying risk environment is dynamic and increasingly complex. Businesses that act now to strengthen coverage, close gaps and prepare for volatility will be best positioned for long-term resilience.

Here are several strategies business leaders can implement to take advantage of favourable market conditions to improve their risk posture:

- Increase limits and broader terms while capacity remains available.
- Extend indemnity periods in business interruption coverage to reflect more accurate rebuilding timelines.
- Restructure insurance programs, such as moving to layered placements or leveraging alternative markets, to gain flexibility and pricing advantage.
- Audit property and income valuations to ensure coverage reflects your true exposure and rebuilding costs.
- Expand specialty coverages, especially cyber, EPL and trade credit, to guard against emerging threats.
- Partner with a strategic broker who can provide access to specialized markets, offer modeling support, scenario planning and insights into evolving market dynamics.

Canada Rate Report

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in all industries throughout North America.

Commercial insurance rates in Canada for middle to upper-middle market companies are decreasing 5% on average, depending on client claims history, risk control measures and natural catastrophe exposure.

The Canadian insurance market is currently experiencing a competitive rate environment driven by factors such as economic conditions, loss trends, and carrier capacity. Insurers are carefully assessing risks, with premiums largely determined by individual risk factors such as industry, location and coverage needs. Tariffs are expected to affect loss costs, particularly on auto lines, as the parts needed to complete vehicle repairs increase. Many carriers are forecasting claims costs could increase 3% to 6%. Similarly, insurers are closely managing their exposure in wildfire-prone regions and other high-risk geographies. As market dynamics shift, businesses and individuals must stay proactive in managing their exposures to optimize insurance costs.

Coverage	CAN Rate Guidance	Insights
Individually Rated Commercial Auto (IRCA)	Flat to +5%	Rising claims costs and increasing vehicle thefts continue to impact the auto insurance industry. Most provinces are seeing upward rate filings, driven by more frequent claims and higher repair costs. Tariffs on auto parts are expected to further escalate the cost of repairs and replacements.
Fleets	-5% to Flat	Premiums are expected to keep rising due to inflation-driven claims costs and increasing vehicle thefts. Rate filings are trending upward across most provinces, fueled by more frequent claims, higher repair costs and tariffs that further inflate auto repair and replacement expenses.
General Liability	-5% to Flat	General liability continues to perform well and has helped insurers offset the more challenged property lines. Insurers are more flexible in pricing and terms as they look to write more liability to diversify their book.
Package	Flat	This segment is expected to remain stable, with potential for rate reductions driven by increased competition in Canada. A growing number of both domestic and international carriers are seeking to write package business, and with rising supply alongside stable demand, downward pressure on premiums is anticipated.
Umbrella & Excess Liability	-5% to Flat	Excess casualty pricing remains stable for Canada-only risks. However, accounts with U.S. exposure may see premium increases, depending on the attachment point and business segment, due to the higher litigation risk in the U.S. market.

Canada Rate Report

Coverage	CAN Rate Guidance	Insights
Commercial Property	-10% to -5%	<p>The commercial property market remains highly competitive, with most segments seeing rate reductions. While reinsurance costs have risen slightly, properties in catastrophe-prone regions may face modest rate increases due to frequent severe weather.</p> <p>Although rebuild costs are stabilizing, insurance-to-value (ITV) remains a key concern. Ensuring clients are fully insured to the full rebuild or replacement value is essential for proper compensation in the event of a loss.</p>
Environmental	Flat to +5%	<p>Environmental insurance rates continue to vary by industry and site history. Businesses in low-risk sectors like clean tech, warehousing and logistics, particularly those with no known environmental issues, can expect stable or even competitive pricing.</p> <p>In contrast, high-hazard operations such as chemical manufacturers, waste handlers and brownfield redevelopers continue to face higher rates, stricter terms or retentions due to greater underwriting scrutiny. Insurers favor accounts with strong environmental management systems, newer infrastructure and proactive risk mitigation.</p> <p>Market capacity remains stable but cautious, with some major carriers reducing long-tail exposures or tightening underwriting guidelines. Loss severity is rising, especially for groundwater contamination and complex cleanups.</p> <p>Inflation and supply chain disruptions continue to drive up remediation costs, while concerns over property valuation are prompting more detailed underwriting of site appraisals and cleanup estimates. Uncertainty around emerging contaminant regulations is also pushing insurers to revise pricing models.</p>
Directors & Officers: Private	-10% to Flat	<p>The market remains highly competitive, putting downward pressure on pricing, though overall stabilization is evident. Accounts moving to platforms like ProEx Digital are seeing greater premium reductions due to panel efficiencies.</p> <p>In the EPL space, competitive conditions continue to influence rates. However, underwriters are closely monitoring economic trends, particularly rising corporate bankruptcies, which could shift risk assessment strategies.</p>
Directors & Officers: Public	-10% to Flat	<p>After years of sharp declines, the public D&O insurance market is largely stabilizing, supported by ample capacity. Dual-traded and post-transaction accounts have seen the largest rate cuts due to their inherently higher premiums.</p> <p>New market entrants continue to undercut incumbents, keeping competition high. While U.S. claims are ticking up slightly, the increase hasn't yet shifted the broader market. In contrast, Canadian claims trends remain favourable, helping to balance overall conditions.</p>

Canada Rate Report

Coverage	CAN Rate Guidance	Insights
----------	-------------------	----------

Cyber Liability

-15% to +5%

The cyber insurance market is currently soft, with most insureds seeing flat renewals or rate decreases. Some are even securing deeper discounts as insurers aggressively compete for new business. Law firms are a key exception, facing higher rates due to ongoing claims in that sector.

This soft market isn't driven by fewer claims — incidents remain frequent — but by a surge in capacity over the past two to three years. Many new insurers have entered the space, offering both primary and excess cyber coverage, and this aggressive pursuit of market share is pushing rates down. However, as losses begin to mount, especially for newer entrants that will be compelled to adjust their strategies, the market is expected to correct and tighten over time.

Professional Liability: Misc. Errors & Omissions

-10% to Flat

The Miscellaneous Professional Liability (MPL) market is highly competitive, with rates typically flat to down 10%. This broad category covers various professions, and abundant capacity, particularly from MGAs, is the main driver behind falling rates. Insurer appetite remains strong for most MPL classes, though there's less interest in certain real estate professionals and those with higher financial exposures, such as accountants. However, many in these categories are often covered through mandatory or specialized professional programs.

Despite claims inflation, MPL claims remain lower in frequency and severity compared to regulated professions like architects, lawyers and insurance brokers. This favourable loss profile, combined with high capacity, suggests competitive conditions will likely persist.



About HUB

When you partner with HUB, you're at the center of a vast network of experts who will help you improve your profitability, enhance the vitality of your workforce and remain resilient into the future. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to your HUB advisor or visit hubinternational.com.

We're here to help.

2M+

clients around the globe

570+

offices across North America

20,000+

employees throughout North America

Stay up to date

Subscribe to receive risk, insurance and benefits insights, event invitations and rate forecasts throughout 2025.

[Subscribe](#)

The information in this piece is solely for general information purposes and is not intended as tax or legal advice. We do not warrant the accuracy, completeness or usefulness of the information. We disclaim all liability and responsibility arising from any reliance placed on the information by you or anyone else who may be informed of any of its contents. This information may include content provided by other parties. All statements and/or opinions expressed in these materials, other than the content provided by HUB, are solely the opinions and the responsibility of those other parties and do not necessarily reflect the opinion of HUB. We are not responsible or liable for the content or accuracy of any materials provided by any other parties.