

HUB 2025

# Outlook

Q1 Rate  
Report

Amid Market Shifts & Rate Fluctuations,  
Signs of Stability Emerge



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Despite severe weather and geopolitical uncertainty, some insurance rates declined in early 2025, especially for insureds with strong risk management programs and no claims. However, rate volatility remains, with increases in catastrophe-prone regions. Ongoing economic, litigation, and political challenges are also impacting lines like commercial auto and excess/umbrella liability.

# What Impacted Rates in Q1?

1

## Wildfires and Rebuilding Costs

Insured losses from the 2024 wildfires in Jasper are estimated to total \$1.23 billion, marking the second costliest wildfires in Alberta's history.<sup>1</sup> The events will put a strain on Canada's property insurance markets, as will rising rebuilding costs, fueled by inflation and supply chain disruptions, which are prompting stricter underwriting and higher premiums in high-risk zones.

2

## Insurance Capacity

Capacity has improved in most segments, but insurers remain selective, prioritizing businesses with robust risk management and clean loss histories. High-exposure industries in catastrophe-prone areas may experience capacity challenges, however Canada is seen as a favourable insurance environment by many domestic and foreign insurers and reinsurers.

3

## Market Volatility, Economic Uncertainty and Legislative Changes

Tariffs, supply chain issues, and regulatory shifts in the U.S., Canada and Mexico are increasing claims costs and pricing uncertainty. Any significant legislative or regulatory changes, such as tariffs, could drive up replacement and rebuilding costs, particularly in areas vulnerable to catastrophes, which would impact property valuations and contribute to further pressure on property insurance rates.

4

## Increased Litigation Exposure

Escalating legal costs and nuclear jury verdicts are driving up some liability insurance rates. Commercial auto, umbrella and professional liability remain most affected, with insurers tightening terms and raising deductibles.

1. Artemis, "[CatIQ raises Jasper, Canada wildfire insured loss estimate to C\\$1.23bn.](#)" Jan. 27, 2025.

# Competition and Strong Risk Management Fuel Rate Improvements

Some coverages that saw sharp increases in previous years—like select property risks, cyber and professional liability—are stabilizing, with flat to modestly lower renewal rates for well-managed risks.

Greater insurer competition is helping with rate stabilization, particularly in property insurance. Favourable reinsurance pricing is giving carriers more flexibility in underwriting. However, April and July reinsurance renewals will be pivotal in shaping market conditions for the rest of 2025.

Overall, the insurance market remains highly fluid, with further changes in pricing and coverage availability expected in the months ahead. Organizations with proactive risk management and strong loss control are securing the most favourable rates and coverage terms. A strategic enterprise risk management (ERM) approach helps businesses mitigate claims, improve insurability and navigate market fluctuations with confidence.

# 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.

Despite suffering the worst year for catastrophic losses in its history in 2024, Q1 rates in Canada for commercial lines remains competitive at flat to -5% for middle market businesses. Some commercial lines of business and coverages that saw sharp increases in previous years, such as select property risks and cyber are stabilizing, and in some cases, rates are decreasing. Greater insurer competition in commercial lines is helping with rate stabilization/reduction. This is not the case, however, in personal lines. Due to the most catastrophic year Canada has ever seen impacting personal lines property and ongoing challenges in Alberta and Ontario premiums have increased for personal property and auto at +5 to +10%. Ongoing economic, litigation and political challenges could impact rates in all lines going forward. It is important to discuss your unique business' exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	CAN Rate Guidance	Insights
<b>Commercial Automobile: One to five vehicles</b>	Flat to +5%	Inflation and higher rates of vehicle theft continue to pressure claims costs. Carrier rate filings are trending upward in most provinces given the increased frequency of claims and higher repair costs.
<b>Commercial Automobile: Six or more vehicles</b>	Flat to +5%	As with insureds with five or fewer vehicles, inflation and theft continue to pressure claims costs for larger fleets. Carrier rate filings are trending upward in most provinces given increased frequency of claims and higher repair costs.
<b>General Liability</b>	Flat	Thanks to better results across the general liability segment, insurers are being more flexible in coverage pricing and terms, leading to flat rates in Q1.
<b>Package</b>	Flat to -10%	An increase in property losses, issues with supply chains and flat liability rates will drive slight rate hikes for package policies.
<b>Umbrella &amp; Excess Liability</b>	Flat	Rates remain stable for Canada-only exposures. For policies with American exposure, premiums may increase to account for instability in the U.S. market.
<b>Commercial Property</b>	Flat to -10%	Thanks to market stabilization and stable reinsurance costs, most commercial property segments are experiencing rate reductions. Insureds in catastrophe-prone areas will remain vulnerable to higher rates after Canada's worst year ever for severe weather events.

# Rate Report

Coverage	CAN Rate Guidance	Insights
<b>Residential/ Habitationl Property</b>	-5% to -10%	Catastrophe events in 2024 have resulted in premium increases and restrictive changes to policy terms and conditions. Both trends should continue past Q1.
<b>Catastrophic Perils</b>	Flat to +5%	Organizations based in areas with a high CAT risk will have higher rate hikes due to the increased frequency and severity of weather events.
<b>Environmental</b>	-5% to -10%	New entrants in the environmental insurance market have made pricing and policy terms more competitive. Rates are falling and insureds are in a stronger position to negotiate the removal of certain policy exclusions. Underwriters are closely monitoring emerging risks in the form of contaminants such as PFAS and microplastics.
<b>Directors &amp; Officers: Private</b>	-5% to Flat	The market for private companies remains soft with ample capacity as carriers compete to keep business. Rates are flat and dropping at renewal when underwriters are actively competing for business.
<b>Directors &amp; Officers: Public</b>	-5% to Flat	Increased competition has resulted in flat rates or rate cuts for public company D&O. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
<b>Cyber Liability</b>	Flat	The cyber market has continued to show signs of stability, with rate reductions slowing and many carriers offering renewals without making significant changes to coverage terms, conditions or pricing. Rate reductions of 5% to 10% may be possible on competitive accounts.
<b>Professional Liability: Medical Malpractice</b>	Flat to -5%	Rates are competitive, with flat or 5% increases on renewals. However, insurers may be willing to offer lower rates for accounts with a history of low or no losses.

# Industry Perspective

## Coverage

## Insights

### Agribusiness

Insurers are requiring additional property insurance appraisals to ensure adequate insurance-to-value on coverage. Underwriters are also mandating agribusinesses complete business interruption worksheets for setting values.

### Cannabis

Widespread consolidation, bankruptcies and retail closures have led to a substantial reduction in insurable exposure. There have been rapid and substantial rate reductions across nearly all lines of coverage, with large rate cuts for GL, property and D&O coverages in particular. Conversely, auto and high-hazard property locations continue to experience higher rates.

### Construction

Accounts with strong risk management practices and a history of limited claims are securing favourable terms and pricing. However, areas exposed to increased natural catastrophes should expect more scrutiny and rate hikes.

### Education

Rate increases are stabilizing but insurers are monitoring deferred maintenance and property valuations, which may affect deductibles. Institutions with a significant auto fleet may see rate increases or seek higher primary limits in excess markets. Rate increases are moderating for the management liability and cyber programs.

### Entertainment

There has been increased competition in entertainment, resulting in broader coverage and lower premiums, particularly for event insurance.

### Healthcare

The market remains competitive with some renewals seeing rate reductions of up to 5%. Rate reductions are only seen on accounts with a well-run risk management program and an overall good loss experience.

### Hospitality

The market is competitive, particularly for hotels and best-in-class accounts. Insureds with strong risk management are likely to see rates remain flat or even decline.

# Industry Perspective

## Coverage

## Insights

### Nonprofit

Rates for the majority of coverage lines for most accounts are flat or increasing up to 5%. However, the cost of abuse liability coverage is up as much as 20%, largely due to declining underwriter capacity.

### Real Estate

Property rates for commercial and multi-family residential real estate continue to fall. Casualty rates have been flat, with some reductions for insureds with favourable loss trends. Real estate operations should ensure they have proper business interruption or rental income limits and periods of indemnity included in their policy.

### Sports

Increased capacity and competition are driving down rates for commercial general liability (CGL) coverage, particularly for organizations with a history of few claims. Insureds are able to obtain abuse liability coverage for risks with strong prevention protocols. Applicants with a high frequency of claims, however, will pay a great deal more.

### Transportation

The market has stabilized somewhat, with increased capacity for excess liability. Trucking companies are receiving needed liability limits for operating between Canada and the U.S. Cargo and auto rates remain stable; however, policies that are shopped around could see rates decline.



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