

HUB 2025

Outlook

Q3 Rate
Report

Mixed Market Signals Demand
Proactive Strategy



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Insurance market dynamics continued to shift during Q3, with several key trends shaping rates and client strategies across property, casualty, auto, cyber and alternative risk solutions.

While there are signs of relief in certain market segments, others remain challenged, underscoring the importance of proactive planning and disciplined risk management.

Rate Drivers in Q3:

1

Stability in Property Rates Hinges on CAT Activity

Property insurers are keeping a close eye on CAT-prone locations with wildfire, flood and hail exposures. Properties in these areas are under pressure, with clients facing flat or increased premiums on renewals, while diversified accounts are seeing double-digit decreases. Though insurers are well-capitalized to absorb significant losses, a major CAT event could slow the current stabilization and softening in property rates.

2

Inflation & Other Economic Factors Prompting Underwriting Discipline

Although rates for many lines of business have decreased, inflation-driven exposure increases are keeping premiums stable as underwriters practice extreme discipline while evaluating and rating accounts. Accurate property insurance-to-value is essential to avoid underinsurance and adequate claims recovery. Carriers continue to reward accounts with strong controls, solid financials and proven risk management practices, particularly in the small- to mid-market auto and casualty segments where underwriting rigor leads the market. Conversely, companies with weak financials, poor maintenance or inadequate safety programs face the risk of higher premiums or reduced capacity.

3

Supply Chain Vulnerabilities & Tariff Impact Top of Mind

Carriers continue to sharpen their focus on evolving supply chain risks and the potential downstream impact on their insureds. It is no longer sufficient for organizations to understand how direct supplier disruptions could affect them; they must also assess vulnerabilities in “suppliers behind suppliers,” where a single point of failure can cascade through operations. Global interdependencies and tariff uncertainty add further pressure, making contingent business interruption analysis and strategies to diversify materials sourcing essential. Recent tariff policy changes have amplified cost pressures for industries reliant on cross-border trade, with insurers increasingly scrutinizing clients’ ability to manage these added expenses and potential delays. This has heightened the importance of proactive supply chain risk assessments to maintain insurability and control premium impact.

4

Market Conditions Diverge Sharply Across Lines of Business

Rates vary significantly depending on client loss exposure and market conditions, underscoring the importance of working with a broker that has deep expertise and relationships across the insurance market.

The commercial auto market, for example, is one of the most difficult to secure coverage, with fleet size, geography and litigation risks driving underwriting challenges. Carriers are reducing their appetite, and in some cases, declining accounts with 25-50 units or pulling back entirely in high-risk regions. Insureds that need high limits for their fleets often require multiple carriers. It is important to begin renewal discussions early, evaluate telematics solutions, strengthen fleet safety programs and enforce driver screening protocols to secure the right coverage for your risk.

In contrast, the cyber market is among the most favourable, with abundant capacity and moderating rate decreases, which is creating opportunities for clients to expand coverage or negotiate improved terms. Organizations with broker partnerships can leverage these conditions to secure stronger, more cost-effective protection at a time of growing cyber risk.

5

Captives Can Stabilize Costs with Preparation and Expertise

Interest in captives is growing, though many clients are unfamiliar with what they require to set up and maintain. Captives demand significant upfront capital, licensed claims administration and adherence to regulatory requirements. While they can provide long-term cost stability, they can also introduce frictional costs and complexities. Organizations should work with an experienced broker to gain a clear, practical summary of captive pros and cons to ensure they are prepared for what is necessary before pursuing this path.

Proactive Planning Drives Favourable Insurance Terms

Tighter underwriting and economic pressures mean it's more necessary than ever for clients to take a proactive, data-driven and strategic approach to secure strong insurance programs.

Given these conditions, organizations should:

- Start renewal discussions early (60-150 days out) and be willing to provide detailed financial information to underwriters to allow for underwriting review and strategic options.
- Demonstrate strong risk management, financial stability and safety programs.
- Consider alternative structures like parametrics or captives only with full understanding of requirements.
- Review supply chain interdependencies and update continuity plans.
- Reassess valuations and exposures in light of inflation and economic uncertainty.
- Work with an experienced broker that understands your industry and specific business needs.

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.

Canada commercial insurance rates for middle to upper middle market companies have been decreasing on average by 5%, on average. Such rate change is dependent on client claims experience, a client risk control/loss prevention program and natural catastrophe exposure.

The Canadian insurance market is currently navigating a competitive rate environment, influenced by a range of factors including economic volatility, evolving loss trends and fluctuations in carrier capacity. Insurers are closely reviewing individual client exposures, such as claims history, industry-specific risks, geographic location and specific coverage requirements. In addition to these traditional underwriting considerations, external economic pressures like tariffs on imported goods and materials are also putting upward pressure on claims costs. Higher material and labour costs, especially in property and auto claims, can drive up the total cost of loss settlements, which in turn influences premium levels. As a result, clients with higher risk profiles may experience premium increases, while those demonstrating strong risk management and favourable claims histories may benefit from more competitive pricing.

Given the shifting dynamics of the market, it is essential for businesses and individuals to take a proactive approach in managing their exposures and understanding how broader economic forces may impact insurance costs. Engaging in early and informed discussions with your insurance broker is key. A thorough review of your unique risk profile and business operations will help set realistic expectations and identify strategies to optimize your insurance program ahead of renewal.

Coverage	Canada Rate Guidance	Insights
Commercial Automobile: One to five vehicles	+5%	Rising claims costs driven by inflationary pressures, combined with increased claims frequency, are contributing to upward pressure on rates. Rate filings are trending higher in response to adverse claims activity.
Commercial Automobile: Six or more vehicles	+5%	Inflationary pressures on claims costs, tariffs on auto parts and a rise in vehicle thefts are significantly increasing auto repair and replacement expenses. These factors continue to drive premium increases, particularly for commercial fleets.
Liability	-5% to flat	General liability continues to perform well overall, providing a stabilizing counterbalance to more challenged property lines. Insurers are demonstrating greater flexibility in pricing and terms as they seek to grow their liability portfolios and diversify their overall risk exposure.
Excess Liability	-5% to flat	Pricing is stable for Canada-only exposure. Accounts with U.S. exposure could see premium increases, depending on the attachment point and segment.

Rate Report

Coverage	Canada Rate Guidance	Insights
Commercial Property	-5%	The market remains competitive, driven by increased insurer appetite for growth. Reinsurance costs have stabilized and, in some cases, declined, contributing to a more favourable underwriting environment. However, clients located in catastrophe-prone regions may still experience rate pressure as severe weather events persist. While rebuilding costs have begun to stabilize, insurance-to-value remains a key concern.
Residential/Habitational Property	+5% to -5%	Rate changes vary among condo, homeowners and tenants policies. Generally, ITV increases average 5% as rebuilding costs are running higher than overall inflation. Carriers continue to take rate increases in high earthquake zones and unprotected or extreme unprotected locations. Restrictions around water damage coverage are becoming more common, especially for clients with prior water claims, and more carriers are pulling back from writing these risks altogether. In Alberta, rate increases are among the highest ranging from 5% to 10% given the history of severe weather losses, including a recent hailstorm.
Catastrophic Perils	0 – 5%	Rate stability is anticipated in catastrophe-prone regions due to the continued frequency and severity of weather-related events. The ongoing impact of climate change on insurer loss experience is expected to influence underwriting strategies and may result in more disciplined pricing and tighter terms over time.
Environmental	-5% to -10%	Increased capacity and new entrants to the environmental market, paired with minimal insurer claims and rising public environmental awareness, have created a competitive market in an already profitable line of coverage.
Directors & Officers: Private	Flat to -15%	The market is highly competitive, which continues to drive downward rate pressure. Coverage has expanded alongside lower pricing, but underwriters are monitoring financials due to economic uncertainty and potential bankruptcy risks.
Directors & Officers: Public	Flat to -15%	The market has stabilized following multiple years of significant decreases; however, ample insurer capacity continues to drive rate decreases to solid risks. Certain industries impacted by tariffs and broader economic factors are under closer scrutiny from underwriters.
Cyber Liability	-5% to -15%+	The market continues to be extremely soft, which is prompting rate decreases across the board, reduced retentions and enhanced coverages. The most competitive space is for companies of \$100 million or more in revenue, where more than 30 insurers are competing for market share.
Small-to Medium-Sized Enterprises (SMEs)	-5% to flat	This segment is expected to remain stable, with potential for some rate reductions driven by increased competition in the Canadian market. Both domestic and international carriers are actively seeking to write package business in Canada. As market capacity expands and demand remains steady, downward pressure on premiums is likely.



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