

HUB 2025

Outlook

Mid-Year
Rate Report

REAL ESTATE



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Real Estate

Mid-Year Rate Insights

The Canadian real estate insurance sector is currently navigating a dynamic environment shaped by market stabilization, recovering capacity and evolving risks across both casualty and property lines.

Casualty insurance rates have stabilized and even slightly decreased (-5% to flat) for low-to-moderate risk general liability accounts. However, high-hazard risks, such as large construction projects or properties with significant public exposure, continue to see flat to 7.5% rate increases. Insurers are taking a cautious approach to exposures with potential for substantial bodily injury or property damage claims.

Within umbrella and excess liability, lower-risk portfolios benefit from stable or slightly declining rates, while higher-risk exposures face modest increases (up to 5%). This trend is partly driven by social inflation, which is defined by rising litigation costs and jury awards compelling insurers to reassess large loss vulnerability. Canadian insurers are also adapting to emerging risks like environmental liabilities (e.g., PFAS), climate-related litigation and evolving ESG expectations, which impact underwriting and may limit coverage for operations with older infrastructure or industrial legacies. There is also heightened sensitivity to foreign exposures, particularly U.S. liabilities due to higher litigation and claim severity, that has led insurers to prefer Canadian-domiciled risks or balanced geographic portfolios.

Real Estate

Mid-Year Rate Insights

Property insurance is showing signs of capacity recovery across Canada's commercial lines. After several years of constraint, insurers are re-entering the market. Premiums are decreasing as a result, though rates generally remain higher than pre-2020 levels. Both commercial and multi-family residential real estate schedules benefit from these favourable conditions, especially those with strong loss histories and located outside natural catastrophe-prone areas. Loss severity, however, still remains a significant concern for the industry. Though personal lines was most impacted by Canada's 2024 record year for natural catastrophe (NatCat) claims, exceeded \$8.3 billion from wildfires, floods, and hailstorms, there was a ripple effect on property valuations and insurance pricing across the real estate industry.¹

Valuation risk is also intensifying. Soaring reconstruction costs due to higher materials and labour costs have complicated accurate replacement cost assessment, leading to underinsurance and claims disputes. This is particularly pronounced in high-growth urban centers like Vancouver and Toronto. High interest rates and inflation both influence insurer investment strategies and consumer affordability. Elevated borrowing costs for real estate development can slow new construction and alter risk profiles. In response to these multifaceted challenges, Canadian insurers are increasingly leveraging advanced technology and data analytics, deploying AI-driven tools to refine underwriting, precisely assess climate exposure, predict loss trends and tailor coverage to individual property risks.

Stakeholders must remain agile, proactively manage risks and collaborate closely with brokers to secure optimal terms and adequate coverage in this evolving landscape.

1. Insurance Bureau of Canada, "[2024 shatters record for costliest year for severe weather-related losses in Canadian history at \\$8.5 billion](#)," Jan. 13, 2025.

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.



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