

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. However, volatility remains, with sharp increases in catastrophe-prone regions and ongoing economic, litigation, and political challenges impacting lines like commercial auto and excess/umbrella liability.

What Impacted Rates in Q1?

1

Wildfires and Rebuilding Costs

Insured losses from January's California wildfires are projected to hit \$75 billion¹ with property losses alone expected to be in the \$30 billion to \$50 billion range, which is expected to strain property markets. Rising rebuilding costs, fueled by inflation and supply chain disruptions, are prompting stricter underwriting and higher premiums in high-risk zones.

2

Insurance Capacity

Capacity has improved in some segments, but insurers remain selective, prioritizing businesses with robust risk management and clean loss histories. High-exposure industries, like construction and transportation, face more restrictive underwriting.

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 in many areas, which would impact property valuations and contribute to further property insurance rate fluctuations.

4

Increased Litigation Exposure

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

1. Insurance Journal, "LA Wildfire Losses Seen as High as \$164 Billion, UCLA Says," Feb. 5, 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. Favorable 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 favorable 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.

In Q1 2025, rates are averaging between 2-7% for commercial insurance for the middle market in the U.S., but vary depending on line of business, geography and loss experience. While lines such as property are experiencing stability and increased competition among insurers, risk factors such as loss experience and location will impact rates. Rates remain under pressure for auto and excess/umbrella, while workers comp continues to decline. Specific perils will face additional scrutiny, particularly coverage for wildfires and severe convective storms. 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	U.S. Rate Guidance	Insights
Commercial Automobile	+5% to +15%	Transportation rates remain under pressure due to elevated losses, litigation and social inflation. Strong safety programs, improved driver recruitment and training strategies, as well as telematics can help lower premiums. While most insureds will see increased rates, a fraction of insureds may benefit from reduced or flat rates by strategically aligning additional policies in their insurance program.
General Liability	Flat to +10%	If policies receive rate increases will depend significantly on the insured's industry and risk profile, as well as their loss experience and insurance program design. The cost of flat-rate insurance without adjustments for loss experience (guaranteed cost placements) is likely to increase, with sizeable hikes in select industries. Rates will be flat or increase slightly for insureds with large deductibles or self-insured retention programs.
Workers' Compensation	-5% to Flat	On average, rates are stable or declining as the coverage line is highly profitable and insurance capacity is strong. Workers' compensation remains a very profitable line for insurers, so rates may be reduced to account for increases on other coverage lines, especially auto liability.
Package	Flat to +10%	Package rates are generally trending in the same direction as individual coverages; general liability and property packages are flat or increasing slightly; however, the inclusion of significant auto exposure will result in higher rates.
Umbrella & Excess Liability	+5% to +10%	Most umbrella and excess tower rates are increasing moderately. More umbrella carriers are requiring \$2 million per occurrence in primary GL limits and \$4 million aggregate limits or higher for upper middle market and larger insureds.
Commercial Property	-10% to +10%	Large shared and layered programs are experiencing greater rate relief than single-carrier large middle-market programs thanks to more available capacity. Rate increases will depend on insureds' renewal outcomes in previous renewal cycles, as well as other factors such as CAT exposure, loss control measures, program structure and loss experience. Organizations that experienced big increases over the past several years are more likely to see rate decreases.

Rate Report

Coverage	U.S. Rate Guidance	Insights
Residential/ Habitational Property	-20% to +5%	Given that shared and layered programs tend to drive residential and habitational property coverage, there is strong competition for business, which has enabled insureds to receive rate decreases. Loss experience, age of buildings and location remain a key factor in determining rates. However, the frequency and severity of convective storms and other weather events could result in capacity issues in the future.
Catastrophic Perils	-15% to +5%	CAT rates will depend on premium size, loss activity and the degree of competition. Specific perils will face additional scrutiny, particularly former secondary perils such as coverage for wildfires and severe convective storms.
Environmental	Flat to +5%	While rates for pollution liability coverages are flat, policies that include general liability, excess liability and auto liability can expect rate increases of 5% to 15%.
Directors & Officers: Private	-5% to +5%	Continued competition has persisted between carriers, resulting in premium reductions, or automatic renewals or multi-year term limits. There is plenty of capacity available.
Directors & Officers: Public	-5% to +5%	There are signs the public D&O market is firming, but plenty of capacity is still available, resulting in flat pricing and decreases for certain risk profiles.
Cyber Liability	-5% to Flat	Rate increases are rare and are reserved for certain risk profiles or those with loss activity.
Professional Liability: Architects & Engineers	Flat	Despite the rising cost of claims, strong competition means those with favorable loss history are seeing favorable terms at renewal.
Professional Liability: Medical Malpractice	Flat to +5%	Nuclear verdicts and frequency of severity continue to put pressure on the medical malpractice market. However, there does appear to be some softening, with renewal rates typically flat or rising by about 5%.
Professional Liability: Misc. Errors & Omissions	Flat	While rates remain flat overall, some classes such as appraisers and collections agents are seeing higher rates and limited capacity. At the same time, E&O rates for consultants, real estate and trustees remain competitive.

Industry Perspective

Coverage

Insights

Agribusiness & Food Manufacturing

Expect moderate rate increases in 2025, with auto and excess liability limits seeing the largest increases. Additional capacity is available in excess layers, alleviating overall spending on large shared and layered towers. Workers' comp in the agricultural sector remains flat and highly competitive. Rates in 2025 will be more favorable for ocean cargo, layered property and casualty towers. Should U.S. insurers receive favorable reinsurance renewals, more capacity and lower rates will come later in the year.

Cannabis

Insureds are benefiting from a more competitive marketplace, particularly in lines where coverage was once scarce. Businesses can take advantage by reviewing their programs, exploring alternative markets and leveraging competition to secure more favorable terms.

Construction

The definition for catastrophic areas continues to broaden as wildfires, convective storms and floods increase. Capacity for frame projects remains limited, with availability for best-in-class projects. Rates are stabilizing for some commercial projects and wrap-up coverage, but overall rates vary significantly by state for all residential projects.

Education

Rate increases are moderating, though insurers remain cautious as deferred maintenance and property valuation remain problematic. This may result in different approaches on deductibles for certain perils. Casualty lines remain difficult with increases in class action, social inflation and changing statutes in some states relating to sexual abuse and molestation (SAM). Claims activity continues to increase for SAM, law enforcement and security, traumatic brain injury and fraternities and sororities. Institutions with a significant fleet may see an increase in rates or pressure for higher primary limits from umbrella and excess markets.

Entertainment

The entertainment industry faces rising insurance costs and carriers are heavily scrutinizing losses across segments. Extreme weather events continue to drive up cancellation and safety-related insurance premiums. While demand for live events remains strong, increased operational complexities pose challenges in risk management. Greater risks in large-scale events highlight the need for a comprehensive risk management plan.

Financial Institutions

The underlying risk profiles in their respective industry sectors are driving rates. Additional capacity has stabilized rates for representation and warranty (R&W) coverage. However, rates and retentions could rise should the volume of M&A transactions increase.

Healthcare

Healthcare organizations are seeing mixed insurance rate volatility based on location, litigation trends and five- to seven-year loss records. While coverage terms remain competitive, recent catastrophic losses are causing additional underwriting focus on the location of risks. Medical professional liability (MPL) coverage is still unprofitable for carriers. Insurers are also focusing more on risk location given recent catastrophic losses. Cyber and EPLI rates have improved, but with some signs of stress.

Hospitality

Property rates are coming down for best-in-class insureds. Other than workers' comp, casualty lines are increasing by single digits, and most insureds can expect flat to 8% increases across coverages. However, carriers are tightening terms and conditions on liquor liability, exposure to human trafficking and catastrophic perils.

Industry Perspective

Coverage

Insights

Nonprofit

Expect moderate increases for 2025 with critical exceptions. Most carriers have reduced excess liability capacity to maximum limits of \$2 million to \$5 million. Availability for higher limits is often costly with coverage restrictions. Carriers have stepped up their underwriting of sexual abuse and molestation (SAM) coverage and reduced limits due to social inflation, unfavorable jurisdictions and litigation funding. In addition, agencies with foster care and adoption are experiencing substantial increases and limited coverage.

Real Estate

Rates increases (or decreases) are dependent on account metrics such as occupancy, business class, loss control, catastrophic exposure and claims history. Single-carrier large and middle-market programs are experiencing less relief compared with larger shared and layered programs. Capacity constraints will continue for severe convective storm coverage.

Sports

Insureds are finding it difficult to secure coverage limits for sexual abuse and molestation coverage higher than \$1 million per occurrence and \$2 million aggregate limits. Many carriers will not offer any SAM coverage in excess layers. Some states, including Florida, are trying to increase background screening safety requirements for coaches in youth sports.

Transportation

Trucking rates will continue to rise in 2025 due to several factors, particularly high jury awards, social inflation, higher claim costs and inflation. Theft of cargo and cyber risks are increasingly targeted at the trucking industry which is leading to higher costs as well.



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