

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

Insurers have been closely watching seasonal catastrophe (CAT) risks such as named windstorms and wildfires. As hurricane season enters its most active phase, property insurers are keeping a close eye on CAT-prone locations. Properties with wildfire risk are still 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, several major CAT events 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 stayed flat or decreased slightly, inflation-driven exposure increases are keeping premiums stable as underwriters practice extreme discipline while evaluating and rating accounts. Payroll audits are driving higher workers' compensation premiums, while accurate property insured-to-value is essential to avoid underinsurance and ensure 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 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.

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 a large number of units or pulling back entirely in high-risk regions. Insureds that need high limits (more than \$5 million) 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 favorable, 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 Favorable 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 with your broker 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 or feasibility.
- 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 analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants throughout North America each quarter to bring you our Q3 Commercial Rate Report for the U.S. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	U.S. Rate Guidance	Insights
Commercial Automobile	+5% to +15%	<p>Insurers are increasingly focused on geographic exposure, particularly in jurisdictions known for elevated litigation risk. Clients with vehicle concentrations in these regions will likely see higher rates and reduced coverage availability.</p> <p>Umbrella and excess carriers are tightening insured requirements, often mandating higher primary liability limits for fleets exceeding 500 power units and, in some cases, even for smaller fleets. When higher primary limits or buffer layers are required, overall program costs may increase significantly.</p> <p>Average loss severity in auto continues to deteriorate, with claim values increasing across all size thresholds. This trend is driven by:</p> <ul style="list-style-type: none">• Higher rates of litigation• Escalating legal defense and settlement costs• Increasing accident severity as a result of riskier driving behaviors and more miles driven. <p>Carriers are more closely scrutinizing contingent auto risks, particularly where third-party distributors are engaged, as well as hired and non-owned auto exposures, including short-term vehicle rentals and employees using personal vehicles for business purposes.</p>
General Liability	Flat to +10%	<p>Some industries are feeling greater cost pressures as key protections that used to be part of a standard general liability (GL) policy are now being limited or excluded. Assault and battery and sexual misconduct liability (SML) are among the most frequently excluded coverages and often require a separate specialty placement.</p> <p>This trend is especially pronounced in sectors such as:</p> <ul style="list-style-type: none">• Education• Habitational real estate• Healthcare• Hospitality <p>Unlike auto, the location of a risk has less impact on GL pricing and capacity, which generally remains ample for most accounts. Carriers are increasingly scrutinizing violence and active assailant preparedness with a focus on safety protocols, staff training and security measures.</p>

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Workers' Compensation	-5% to +5%	<p>Rising payrolls, fueled by business growth, have helped keep workers' compensation rates in check. A large premium base offsets some of the pressure from claims costs, which have remained relatively stable.</p> <p>However, after several years of consistent rate declines, many insurers are beginning to seek modest rate increases in the 1% to 2% range on renewals. Rates are still decreasing slightly for accounts with growing payrolls or where market competition remains strong.</p> <p>While claims frequency industry-wide continues to decline, severity is increasing, driven in part by an aging workforce with more complex, co-morbid health conditions.</p> <p>Carriers are scrutinizing "dual remedy" protections, particularly in the context of workplace violence. Emerging case law could present new challenges for employers and carriers alike.</p>
Package	Flat to +10%	<p>Rates are generally moderate, with overall pricing heavily influenced by which coverages are included in the package policy.</p> <p>Softer property rates have helped offset upward pressure on auto and GL. Capacity remains plentiful for most middle-market clients, particularly those with standard exposures or favorable loss history.</p> <p>Clients with more complex risks, such as severe CAT-exposed properties or large auto fleets, may achieve better results by carving out and placing difficult lines separately from the package program.</p>
Umbrella & Excess Liability	+5% to +15%	<p>Rate pressure continues, particularly for accounts with sizeable vehicle fleets or exposures in litigation-prone jurisdictions. Mass arbitration is gaining traction as class action certification becomes more difficult, presenting a new form of aggregation risk.</p> <p>Insurers are highly cautious and aggressively applying "limits management" strategies of smaller limits per layer, which forces the stacking of multiple excess policies and significantly increases the total program cost.</p> <p>More middle market and upper middle market clients are struggling to place excess layers above the \$1 million primary limit. In auto, the attachment points for excess coverage have increased significantly, resulting in coverage gaps between trading primary and excess layers.</p> <p>In response, multi-year, structured buffer layer programs that are designed to sit between the primary and excess policies have become more common, especially for clients with large vehicle fleets or complex exposure profiles.</p>

Rate Report

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Commercial Property	-15% to -5%	<p>Sustained competition amongst insurers continues to drive rate softening. Rate outliers exist on both ends of the spectrum, largely influenced by factors such as occupancy type, geographic location, loss experience and the quality of risk control measures in place.</p> <p>Despite past rate reductions, insurers believe that rate adequacy remains intact, particularly considering evolving reinsurance dynamics. Favorable treaty renewals and a competitive facultative reinsurance market have supported the softening trend for many client property program renewals.</p> <p>The first half of 2025 was marked by record-setting natural catastrophe activity, including an active Q1, largely driven by California wildfires and severe convective storms. A more moderate Q2 helped balance early-year losses for insurers. Further downward pressure is expected into 2026, particularly for non-CAT and well-engineered risks. However, if the remainder of the hurricane season turns active or severe, it could slow or stall the current rate reduction trend.</p>
Residential/Habitational Property	-25% to -5%	<p>The influx of new insurer entrants to the U.S. property market—both domestic and those from London — has intensified competition and pushed rates down. This increased capacity, particularly in excess layers and in the wholesale market, is driving premium relief for many insureds.</p> <p>However, retail markets remain cautious, with many carriers still hesitant to re-enter the habitational space after years of strategic portfolio reduction.</p> <p>Rate movement varies significantly depending on risk characteristics. Insurers are rewarding the safest properties — newer construction with full sprinkler coverage, solid COPE data and wind-resistant features in high-risk zones — with the steepest rate reductions. Conversely, older frame structures or assets located in areas with more convective storms or coastal areas may experience only modest reductions, or in some cases, slight increases.</p>
Catastrophic Perils	-20% to -5%	<p>Rates are expected to continue their downward trend, particularly for insureds who saw significant rate increases during the prolonged hard market.</p> <p>While underwriters remain cautious around secondary perils, overall capacity remains adequate. However, wildfire coverage continues to present challenges, as many carriers are excluding entire counties based on elevated wildfire risk scores, making capacity increasingly scarce.</p>

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Environmental	Flat to +5%	<p>The average rate change represents a blended view across all environmental real estate segments, but rate changes vary significantly by product line.</p> <p>Contractors pollution liability (CPL) remains the most competitive, with some insureds experiencing modest rate reductions. In contrast, premises pollution liability rates are generally holding steady with minimal change.</p> <p>Rates are increasing more for environmental casualty risks that include general liability, commercial auto and excess liability, driven largely by continued loss severity trends and litigation concerns.</p> <p>Contracting risks are experiencing greater rate pressure compared to accounts with a stronger products liability profile, reflecting the higher exposure associated with on-site operations and third-party claims.</p>
Directors & Officers: Private	Flat to +5%	<p>The soft market has lasted longer than expected, but with some insurers pulling back or exiting, premium decreases are starting to level off. Privately held owners and managers with no changes in exposure and no claims activity can expect flat renewals to single-digit increases.</p> <p>Employment practices liability coverage premiums are becoming very expensive due to economic inflation and nuclear verdicts.</p> <p>Artificial intelligence-related exposures are under increased scrutiny and insurers are becoming more concerned about how AI is impacting work, employment and risk governance.</p>
Directors & Officers: Public	-10% to Flat	<p>The public company D&O market has remained competitive throughout Q3 2025, with continued rate relief and broad availability of capacity. However, the market may be showing signs of stabilization, with rate flattening likely in 2026, assuming no significant changes in Securities Class Action (SCA) filing trends or major market consolidations that could affect capacity or competition.</p> <p>Carrier appetites remain strong, particularly for well-managed companies with robust governance, financial strength and minimal claim history. While some insurers are testing modest increases in rates or retention, market competition continues to favor clients with strong risk profiles.</p>
Cyber Liability	-5% to Flat	<p>Despite improved risk control conditions among many insureds, ransomware and social engineering claims frequency have been high throughout 2025. Select carriers are actively targeting accounts they view as underpriced with rate increases. Dependent business interruption is also a growing focus area for insurers, especially following large-scale third-party outages (i.e., Change Healthcare, CrowdStrike in 2024).</p> <p>The cyber insurance market is more disciplined and better capitalized than during the height of the ransomware epidemic about five years ago. However, the use of AI by cybercriminals is enabling more credible phishing attacks, including mimicking company executives to manipulate employees to initiate fraudulent wire transfers.</p>



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