

# Executive Summary

Your team at USI Insurance Services thanks you for the opportunity to handle your property/casualty insurance program. The following are key takeaways from The Council of Insurance Agents & Brokers' Commercial Property/Casualty Market Report for Q4 2025 (October 1 – December 31):

The market appeared to move further into the soft part of the insurance market cycle in Q4 2025. Premiums across all account sizes rose by an average of 0.2%, down from 1.6% in Q3 2025. Large account premiums fell by an average of 2.1% and medium account premiums showed a percentage change of 0%; on the other hand, small account premiums rose by an average of 2.8%.

Signs of softened market conditions were equally evident across lines of business. Nine lines saw premiums decrease this quarter, which is more than half of the lines tracked by this survey and up from six the previous quarter. All other lines recorded premium increases that were flat or lower than in Q3.

Overall, the average increase in premiums across all the major lines of business (commercial auto, commercial property, general liability, umbrella, and workers compensation) was 1.9% in Q4 2025, down from 2.7% in Q3. Two of those lines, workers compensation and commercial property, showed decreases.

Commercial auto marked its 58th consecutive quarter of increases in Q4 2025 with an average premium increase of 6.6%, the highest out of all lines. Respondents and industry sources both attributed this increase—as well as the nearly 15 years of previous increases—to high claim frequency and severity due to social inflation and nuclear verdicts. According to AM Best, the average cost per commercial auto claim more than doubled over the past decade, equating to an average annual increase of 8%, far above economic inflation. These severe claims also affected umbrella, which was the only other line besides commercial auto to show an average premium increase above 2%.

D&O premiums fell the most out of all lines, at an average of 3.8%. Abundant capacity and a very favorable loss ratio in 2024 (named “one of the best results in a decade” by AM Best) likely contributed to this relief.

## KEY NUMBERS AT A GLANCE

- 0.2%: average premium increase across all account sizes
- 2.8%: average increase in premiums for small accounts, highest among all account sizes
- 0.0%: average increase in premiums for medium accounts; 100% decrease from 1.9% in Q3 2025
- -2.1%: average increase in premiums for large accounts, lowest among all account sizes and a 231% decrease from Q3 2025

## AVERAGE COMMERCIAL PREMIUM INCREASES

	By Account Size			AVERAGE
	SMALL	MEDIUM	LARGE	
Fourth Quarter 2025	2.8%	0.0%	-2.1%	0.2%
Third Quarter 2025	1.2%	1.9%	1.6%	1.6%
Second Quarter 2025	4.2%	4.0%	2.9%	3.7%
First Quarter 2025	3.6%	3.7%	5.3%	4.2%
Fourth Quarter 2024	3.6%	6.4%	6.3%	5.4%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

Source:  
The Council of Insurance Agents & Brokers

## PREMIUM PRICING BY LINE OF BUSINESS

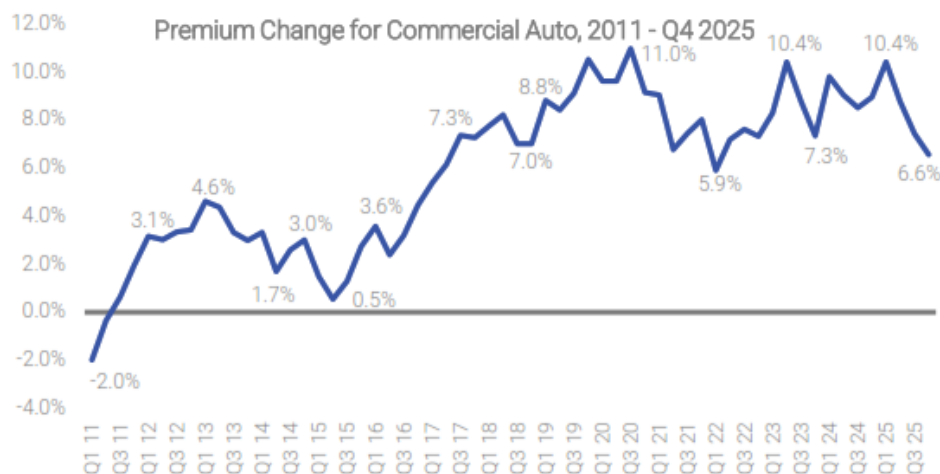
Soft market conditions were arguably even clearer when looking at lines of business. Nine lines of business—business interruption, commercial property, construction, cyber, D&O, employment practices, surety bonds, terrorism, and workers compensation—recorded decreases in premiums in Q4 2025. This accounted for more than half of the lines tracked by this survey.

D&O premiums decreased the most out of all lines, at an average of -3.8%, compared to -2.1% in Q3. This marked the eighth consecutive quarter of decreases for the line. Cyber premiums also decreased by an average of more than 3%, at -3.3%, the fifth record decrease in premiums for the line since Q2 2024 and the seventh consecutive quarter of decreases.

Of the lines that did not show decreases in premiums, commercial auto and umbrella were the only ones that recorded an average increase of over 2%, coming in at 6.6% and 4.7%, respectively. This was the 58th consecutive quarter of commercial auto increases.

### NOTABLE LINE OF BUSINESS: COMMERCIAL AUTO

Since Q3 2011—almost 15 years ago—respondents have reported premium increases for commercial auto every single quarter. In Q4 2025, commercial auto premiums increased by 6.6%, the highest out of all lines by a noticeable margin.



Respondents reported a decrease in capacity for the line in Q4 2025, one factor associated with higher premiums. “Capacity for monoline auto continued to decrease,” said one respondent from a large Southwestern firm; in line with that, a quarter of respondents reported a decrease in commercial auto underwriting capacity in Q4.

This reduction in capacity was linked to the increase in claim frequency and severity by both respondents and industry sources such as AM Best. “Auto and umbrella were still firm due to social inflation issues,” wrote one respondent from a large Southeastern firm. AM Best’s September 2025 report on the commercial auto market puts numbers to that severity trend: the average loss per commercial auto claim has more than doubled between 2015 and 2024, coming out to an average annual increase of around 8%, far outstripping the overall economic inflation rate of 3%.

Likewise, data from the Institute for Legal Reform’s November 2024 report, “Tort Costs in America” shows that annual total commercial auto tort costs increased steadily over roughly the same period, from \$33 billion in 2016 to \$58 billion in 2022, for an average annual increase of approximately 10%. This suggests larger verdicts—i.e., social inflation—are a significant contributing factor in commercial auto claims costs.

### ***HOW USI CAN HELP:***

Organizations should take advantage of risk control strategies to place their enterprises in the best light with insurance carriers, and use all available tools to ensure asset values are in line with industry expectations. Opportunities exist to make positive impacts on insurance costs, coverage, and risk quality.

To help clients navigate complex business challenges, USI shares expert insights and key solutions through our Executive Series. Our cross-functional teams work to provide timely information on new and evolving topics in risk management, employee benefits, personal insurance, and retirement. We then share tailored solutions to help you guide your organization successfully, enhance insurance coverage, and control costs.

### ***RISK MANAGEMENT PLAN ASSESSMENT & IMPLEMENTATION:***

Given these and other market changes and challenges, experts recommend that commercial brokers such as ours who have the resources begin the renewal process early and explore multiple market strategies, in tandem with implementing a robust risk management plan. That way, we stay ahead of surprises with innovative and creative renewal strategies which transition the outcomes in our clients' best favor. It is our responsibility to keep you informed of the challenging market we continue to face.

Nonetheless, we would have strongly recommended our team implement a robust risk management plan to combat these conditions as it related to your entity, as losses have crept up in the last few years and we want to implement mitigation strategies to derive positive results in both the frequency of losses, leading to premium reductions and a better risk profile. See the suggested sample below titled '**Next-Gen Risk Management Framework (2026)**'.

# Next-Gen Risk Management Framework (2026)

USI's Property/Casualty & Risk Management team recommends a modernized, proactive risk management plan designed to address today's rapidly evolving exposures. This framework aligns with ISO 31000, integrates AI-driven insights, and emphasizes resilience, efficiency, and forward-thinking strategies.

## Core Pillars

- Strategic / Business Operations: AI-driven analytics to anticipate market shifts, supply chain disruptions, climate impacts, and geopolitical volatility.
- Legal / Transaction Liability: Real-time monitoring for evolving regulations and stronger oversight of third-party/legal partners.
- Workers Compensation / Safety / Loss Control: AI-based behavioral analytics for proactive loss forecasting and mitigation.
- General Insurance / Health Insurance: Expanded scope to include cyber breach fallout, climate damages, and rising healthcare/benefits costs.
- Corporate Governance / Information Security: Unified cybersecurity leadership, identity governance, executive protection, and breach readiness.

## Refined Evaluation Model

1. Holistic Risk Identification – AI-enabled threats (deepfakes, synthetic fraud), insider risks, climate, supply chain, and quantum vulnerabilities.
2. Dynamic Risk Scoring & Prioritization – Continuous, real-time scoring models.
3. Urgency Calibration – Rapid detection tools and prioritization by impact.
4. Integrated Methodology – ISO 31000 + AI analytics + Continuous Exposure Management + Offensive Security.
5. Mitigation Blueprint – Layered defenses, Zero Trust, crisis protocols, climate modeling, and executive protection.

## Key Emerging Risk Exposures (2025)

- AI-powered cyber threats: ransomware, deepfakes, synthetic ID fraud
- Insider threats & machine identity vulnerabilities
- Executive digital/physical/reputational exposure
- Climate-linked supply chain risks
- Regulatory & geopolitical instability
- Third-party/vendor cyber risk
- Quantum/crypto threats & legacy vulnerabilities
- Healthcare cost inflation and benefits volatility

## Governance & Differentiators

This plan goes beyond traditional compliance. It embeds leadership accountability, cross-functional integration, and continuous monitoring. Strategic differentiators include offensive security readiness, AI-driven analytics, executive safety, climate foresight, and preparation for quantum-era risks. *For additional information and resources, please visit USI's Executive Insights page:*

<https://www.usi.com/executive-insights>

***In going through this plan, please direct any questions to your Consultant Mohammad ElSawaf.***