WOODRUFF
SAWYER
A Gallagher Company

Commercial Lines Insurance Market Update

First Quarter 2025

Get Started ⟶

woodruffsawyer.com

WOODRUFF-SAWYER & CO.
Insurance Services | Risk Management | Employee Benefits

Table of Contents

Introduction

The soft market persists across most sectors of commercial insurance.

In the property sector, rates continue to decline—a trend we expect to persist as property insurers see strong profits and benefit from decreasing reinsurance costs. These factors allow them to sustain competitive pricing.

Despite some high-profile cyber breaches making headlines, competition within the cyber insurance market continues to drive rates downward. Similarly, capacity for D&O insurance remains abundant, allowing buyers to secure favorable pricing.

On the casualty side, conditions remain as challenging as they were last quarter, with little sign of improvement. Pricing for auto, general liability, and umbrella coverage continues to rise. However, workers' compensation stands out as an exception, with rates continuing to decline.

In this Q1 2025 *Commercial Lines Insurance Market Update*, we review insurance rates and pricing trends across various segments. Read on for more details by line of coverage.

Woodruff Sawyer
Commercial Market Update Snapshot: Q1 2025

We continue to see favorable conditions in the D&O, property, and cyber markets. There is ample capacity in the D&O market, and carrier growth goals are driving competition on the property side. Competition between cyber carriers also remains high, which can result in lower premiums and rate decreases. In contrast, the casualty market faces ongoing challenges with continued rate pressure.

D&O

Insurance capacity remains plentiful, and competitive market conditions will continue to enable most D&O buyers to secure favorable pricing, retentions, and coverage terms.

Property

The property market continues to soften, driven by favorable reinsurance renewals, insurance company profitability, and insurance company growth goals. Deductibles remain unchanged, but some insureds look to increase limits.

Casualty

The casualty market remains challenging despite positive signs for certain lines of coverage. Auto, GL, & umbrella markets face continued rate pressure due to adverse loss trends, though the pace of GL rate increases has slowed. WC has been consistently profitable, and high limit excess remains competitive.

Cyber

Major cyber breaches are driving headlines, but pricing is still being driven down by competition.

D&O: Market Update

OUR POV

Insurance capacity remains plentiful, and competitive market conditions will continue to enable most D&O buyers to secure favorable pricing, retentions, and coverage terms.

MARKET TRENDS

- The D&O insurance market continues to favor buyers as premium reductions are still available, although the rate of decreases has slowed significantly. After a few years of being in a soft market, carriers are increasingly pushing for rate increases, particularly for clients with higher risk profiles.
- The rate increases of 2020–2022 have largely been erased, with cumulative rates now back to 2019 levels. Carriers contend that further rate deterioration threatens long-term profitability and puts the D&O market on an unsustainable path.
- Additional pressures are also impacting the D&O landscape including escalating loss costs, an uptick in core SCA filings, rising average and median settlement values, shifting regulatory exposures, and increasing derivative suit risk.
- Optimism for a strong IPO market and more M&A activity in 2025 have diminished, as US tariff policy has stoked fears of a global recession and increased uncertainty and anxiety about the markets and economy.

CONTEXT FOR CURRENT TRENDS

- In 2024, the annual aggregate settlement dollar amount paid out was the highest in the history of SCAs. There were 80 settlements totaling $4.1B, and the average ($52M) and median ($16M) settlement amounts are all-time high amounts. Although suit dismissals are way up so far in 2025, in Q1, there were $429M in settlements.
- The likelihood of a public company being sued reached a decade high of 5% in 2019, when 268 lawsuits were filed. The total number of suits declined each year from 2020 to 2022 but rose in 2023 and again in 2024. 61 cases were filed in the first quarter of 2025, a 25% YOY increase.
- Litigation is being driven by new and increased exposures, including cyber (data breach); privacy oversight (GDPR); artificial intelligence (“AI washing”); derivative, bankruptcy, and regulatory concerns; ESG issues such as climate change; and COVID-19.
- Derivative actions are on the rise, with notable settlements (Walmart, Warner Bros. Discovery, Paramount Global, Cardinal Health, PG&E, Renren, Boeing, First Energy, American Realty, etc.) tapping “A Side-only” insurance.

3.8%
Likelihood of Being Sued
(Second increase since the 2019 all-time high)

513
Number of Open SCA Cases Pending

$16M
2024 Median Settlement
(All-time high amount,
10-year average $11M)

$52M
2024 Average Settlement
(All-time high amount,
10-year average $32M)

Property: Market Update

OUR POV

The property market continues to soften, driven by favorable reinsurance renewals, insurance company profitability, and insurance company growth goals. Deductibles remain unchanged, but some insureds look to increase limits.

MARKET TRENDS

- Carrier growth goals are driving competition.
- Shared and layered accounts are seeing larger reductions than single carrier programs.
- Deductibles are remaining constant.
- Some clients are increasing limits.
- Non-CAT sublimits are being increased at little additional premium.
- The North Atlantic Hurricane season is expected to be more active than average.
- Severe Convective Storms remain a concern.
- For most, values are trending at 1%–3%.
- Risk quality and risk improvement plans drive better outcomes.

CONTEXT FOR CURRENT TRENDS

- Property carriers' profitability and growth goals are driving a competitive property market, which is leading to positive outcomes for insureds. Carriers can also sustain some volatility in their portfolios, which results in markets looking into new occupancies.
- Shared and layered programs experience greater rate reductions than single carrier programs due to the number of carriers interested in the structure, removal of expensive capacity, and expanded lines from carriers.
- Current trend factors range from 1% to 3%. Carriers are keeping an eye on the political environment and its potential impact on valuations.
- In exchange for rate reductions, carriers are turning to increased sublimits and, in some cases, reduction of deductibles.
- Colorado State University has forecasted 17 Named Storms in 2025 (avg. = 14), of which four are expected to be Major Hurricanes (avg. = 3.2).

Q2 2025 PROJECTED RATE CHANGES

-15% Non-CAT accounts with favorable loss history	**-12.5%** CAT accounts with favorable loss history
2.5%+ Non-CAT accounts with unfavorable loss history	**7.5%+** CAT accounts with unfavorable loss history

Cargo and Stock Throughput: Market Update

OUR POV

The cargo and stock throughput market continues to remain soft. We anticipate a continued softening, although at a slower pace, due to the continued increase in capacity and desire for growth. Carriers are also offering more favorable policy terms.

MARKET TRENDS

- Markets are in growth mode and taking a more aggressive stance on both renewal and new business.
- At the start of a new year, carriers have not filled CAT aggregates/exposures and are open to look at vast amounts of new business.
- There is a continued widening of coverages and appetites due to fierce competition.
- Carriers are offering flat renewals or rate reductions on renewals with good loss records.
- Carriers continue to be cautious of Nat CAT events, particularly tornados and wildfires. CAT rates remain stable for now.

CONTEXT FOR CURRENT TRENDS

- The cargo and stock throughput market continues to remain competitive, with most insureds experiencing flat or reduced rates at renewal.
- New entrants and the continued desire of incumbents to grow market share are generating competition within the market.
- Continued underwriter movement is fueling a broader market appetite. This is another factor fueling competition.
- New MGA capacity, particularly in London, is offering larger line sizes, with fewer restrictions than their Lloyd's counterparts. This puts pressure on syndicates to be more competitive on price and coverage.
- Consideration for bringing inventory values back into the property program is being given, which is further contributing to competitive renewals.
- Insurers continue to diligently analyze catastrophe exposures and insureds' building construction and protection measures. Despite this additional focus, when strong information is provided, the CAT rating remains stable.
- Carriers continue to be cognizant of conflicts in Ukraine and the Middle East, recognizing the additional risks involved and their effects on global trade.

Q2 2025 PROJECTED RATE CHANGES

0%	~10%
Accounts with favorable loss history and a focus on risk management	Accounts with unfavorable loss history or those that do not meet rate adequacy for underwriters

Casualty: Market Update

OUR POV

The casualty market remains challenging despite positive signs for certain lines of coverage. Auto, GL, & umbrella markets face continued rate pressure due to adverse loss trends, though the pace of GL rate increases has slowed. WC has been consistently profitable, and high limit excess remains competitive.

MARKET TRENDS

- Primary casualty insurers continue to seek rate increases for the 30th consecutive quarter to keep up with loss trends.
- High interest rates and insurer investment income is keeping workers' compensation competitive and profitable. Wage and medical inflation, a rise in cumulative trauma claims, pressure from regulatory bureaus, and an increase in claim frequency from "return to office" may impact rates in time.
- The high excess market remains stable and competitive, given healthy capacity, but reduction in limit deployment is prevalent. Lead umbrella insurers continue to achieve rate increases due to sustained large claim activity and limited competition.

CONTEXT FOR CURRENT TRENDS

- Large jury verdicts and liability settlements continue to impact the market as carriers experience increasing loss costs and adverse claims development. Legal system abuse, litigation financing, and creative plaintiff tactics continue to put upward pressure on settlement costs as insurers seek to avoid unpredictable juries.
- Organizations with large auto fleets, high-hazard products, or significant premises exposures are facing difficult umbrella renewals and reduced capacity deployments. Using buffer layers to increase attachments can help mitigate premium increases.
- Anchoring auto liability, which has experienced rate increases for 55 straight quarters, to a profitable line of insurance like workers' compensation may improve results in a difficult market.
- Enhanced technology in vehicles, coupled with supply chain issues, is resulting in increased auto physical damage claims. Longer repair times are also affecting supplemental claim costs like rental car reimbursement.
- Carriers continue to refine coverage terms and conditions. Insurers seek to apply exclusions for biometric data privacy, abuse and molestation, assault and battery, and PFAS (forever chemicals), and sublimits for liquor liability.

By-Line Q1 2025 Rate Changes Ranged from -2.6% to +10.4%

	Auto	WC	GL	Umbrella
Q1 2025	10.4%	-2.6%	4.2%	9.5%
Q4 2024	8.9%	-1.8%	5.3%	8.7%
Q3 2024	8.5%	-1.4%	4.8%	8.6%
Q2 2024	9.0%	-2.2%	5.1%	7.2%
Q1 2024	9.8%	-1.8%	4.1%	7.0%

Source: CIAB Q1 2025 Rate Survey

Cyber: Market Update

OUR POV

Major cyber breaches are driving headlines, but pricing is still being driven down by competition.

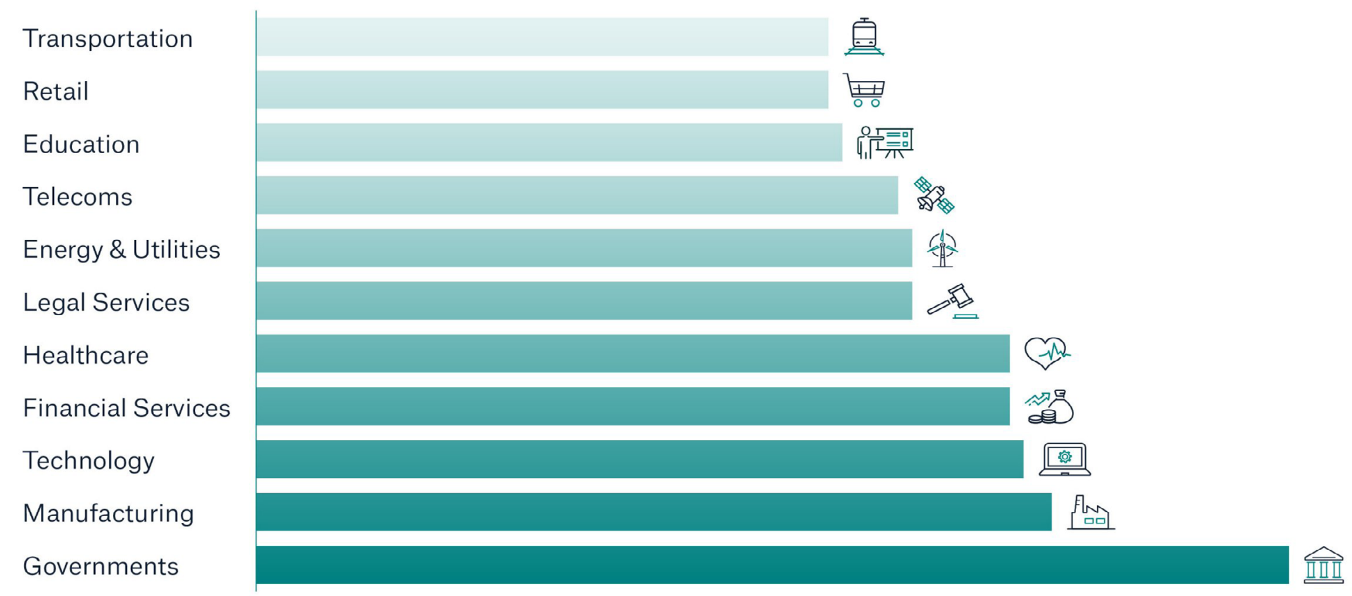
MARKET TRENDS

- Major cyber breaches have driven headlines—notably in the retail sector as Marks & Spencer, Co-op, and Harrods in the UK were all hit with ransomware. Only one of the three carried cyber insurance.
- Competition between carriers remains high, which itself can result in lower premiums and rate decreases.
- The level of underwriting scrutiny can vary significantly across different insurers, but it remains high.
- Coverage restrictions remain for some:
    - Non-breach privacy (GDPR, CCPA, BIPA)
    - Dependent business interruption and system failure—largely sub-limited
    - "Systemic risk" exclusions

CONTEXT FOR CURRENT TRENDS

- Major breaches have driven headlines—notably in the UK retail sector as Marks & Spencer, Co-op, and Harrods were all affected by ransomware recently. Reportedly, only one of the three purchased cyber insurance. While these individual losses drive the headlines, they rarely result in market changes, despite high dollar losses.
- Systemic events—a single attack or outage that ripples throughout many more downstream customers—have driven insurance carrier loss ratios higher. These supply-chain attacks continue to cause aggregation concerns for carriers.
- Carriers have restricted wrongful collection coverage in response to claims activity.
- A moratorium on state AI law enforcement that passed in the recent US House budget bill will have a positive impact on claims related to the use of AI in the US. The EU Artificial Intelligence Act is still a concern.

Segments Affected by Cyber Attacks in 2024



Source: Munich Re & Mandiant Cyber Underwriting Threat Intelligence, January 2025

About Woodruff Sawyer

Woodruff Sawyer, a Gallagher company, is a full-service insurance brokerage and consulting firm, serving emerging tech companies to global giants for over a century. Headquartered in San Francisco, we offer our clients access to a global platform of exclusive resources, tools, and data.

For more information

Call 844.972.6326, or visit woodruffsawyer.com

Subscribe for Expert Advice and Insights

Sign up to receive expert advice, industry updates, and event invitations