

RISK TRENDS



MARKET UPDATE

MOST LINES OF BUSINESS SOFTENING, LITIGATION INFLUENCING OTHERS, THE COUNCIL'S Q1 2025 P/C MARKET SURVEY SHOWS

There were clear signs of softened market conditions this quarter, a continuation of a trend in 2024 of flat to lower premium increases for most account sizes and most lines. Premiums across all account sizes rose by an average of 4.2%, down from the 5.4% increase in Q4 2024. Increases for medium accounts slowed the most: the average increase for this account size in Q1 was 3.7%, a 42% decrease from Q4's recorded 6.4% increase. Large account increases were down to an average of 5.3% from 6.3%, while small accounts stayed steady at an average increase of 3.6% in Q4 2024 and Q1 2025.

Across lines of business, reported average increases were also down, with two exceptions: commercial auto and umbrella. Respondents reported premium decreases for cyber, D&O, employment practices, terrorism, and workers compensation—more lines than the number that saw decreases in Q4 2024 (cyber, D&O, employment practices, and workers compensation).

Workers compensation fell the most this quarter by an average of 2.6%; cyber had an average decrease of 2.1%. D&O premiums decreased by 1.6%, and employment practices and terrorism fell by an average of 0.4%.

As in Q4 2024, commercial auto and umbrella had the highest average increases in premiums out of all lines this quarter, at an average of 10.4% and 9.5%, respectively. Respondents pointed to third-party litigation funding as one of the factors driving the increases for both auto and umbrella.

Most respondents agreed that third-party litigation funding has had a significant impact on not just the amount of claims and claim amount but also the availability of certain coverages, such as umbrella, auto, and product liability. Respondents also pinpointed litigation funding as a driver of premium increases in certain lines, including D&O, employment practices, cyber, and construction—though most of those lines showed decreases.

Regarding D&O decreases in particular, respondents mostly did not identify specific drivers, but one suggested more capacity and more competition may have influenced premium trends for the line. Multiple broker 2025 reports on the state of the D&O market supported this conclusion.

Source: The Council of Insurance Agents & Brokers, Commercial Property/Casualty Market Index

This Risk Trends update is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Premiums across all account sizes rose by an average of **4.2%** in Q1 2025.

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