

Markets in Focus

Q1 2026

# REAL ESTATE

Insurance Pricing &  
Market Update

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## EXECUTIVE SUMMARY

The commercial real estate insurance market entering Q1 2026 reflects a mix of opportunity and continued pressure, shaped by sector-specific performance, evolving underwriting standards, and broader macroeconomic influences. While select property lines are benefiting from increased capacity and favorable pricing trends, liability-driven lines remain challenging as insurers respond to persistent litigation pressures and loss severity concerns.

## INTRODUCTION

Commercial real estate fundamentals continue to diverge by asset class. Technology, life sciences, logistics, and sustainability-focused developments are outperforming, while traditional office and certain retail segments remain uneven. These dynamics are driving more nuanced underwriting, with insurers placing greater emphasis on property resilience, maintenance practices, and proactive loss prevention—particularly for weather-related and water-damage exposures.

From a market perspective, softening property conditions and increased competition are reshaping capacity deployment. The Bermuda market, while still relevant for complex or high-risk portfolios, is ceding ground to domestic excess and surplus lines as new entrants bring fully funded capacity and competitive alternatives. At the same time, underwriter shortages across domestic and international markets are complicating placement strategies, underscoring the importance of early engagement and thoughtful program design.

Overall, organizations that prioritize early renewal planning, transparent risk disclosure, and proactive risk management will be best positioned to navigate the current environment and capitalize on favorable conditions where they exist.



## PROPERTY

- + The insurance-linked securities (ILS) market has significant capacity and competing interests, more than a softening market alone.
- + Treaties are estimated to be down 10%-20%, costing insurance carriers less and ultimately making it more favorable for insurance lines.
- + Strong underwriting practices will remain the new standard. Insurers will desire to grow, which will require a balance between strong underwriting practices and risk appetite. Clear disclosure of property changes, occupancy, and operations will streamline this process.
- + A key trend to watch for commercial properties is the adoption of water-sensing systems. Insurers are moving beyond recommending emergency response plans—they now expect fully integrated sensing solutions to proactively detect and mitigate water-related risks.



### General Liability

- + The casualty market remains in a difficult state. General liability rates continue to increase, driven largely by litigation trends and the growth of third-party litigation funding. The evaluation of property coverage may balance these increases.
- + Liability risk management, contract review, and clear documentation of operational practices are increasingly important components of an effective insurance program as general liability coverage continues to increase.

### CLAIMS TRENDS TO WATCH

Habitability claims are increasing, particularly in affordable housing portfolios. These claims often originate from a single complaint and expand as plaintiff attorneys identify additional issues across a property. Common allegations include water intrusion, mold, pest activity, and deferred maintenance.

#### Risk Management Consideration:

Documented maintenance programs, timely response to tenant concerns, contract review, and clear operational disclosures are increasingly critical to controlling both pricing and coverage terms.



## Umbrella & Excess Liability

- + Excess and umbrella liability are impacted the same as general liability, but now seem to pose an even greater challenge than general liability in real estate. The primary driver is insurers managing their risk exposure by reducing individual limits, making layered insurance programs more common. As a result, lead coverage may exceed primary coverage.
- + Achieving higher total limits will require early planning to ensure adequate protection aligns with the organization's risk tolerance.



## Workers' Compensation

- + The workers' compensation market remains favorable, with flat to declining rates in many jurisdictions. Despite this, insurers are increasing audit scrutiny and placing greater emphasis on contractor classification and on changes in exposure related to mergers and acquisitions.
- + Emerging markets are entering the space, potentially leading to more favorable options. As these markets adopt accurate payroll reporting, contractor verification.



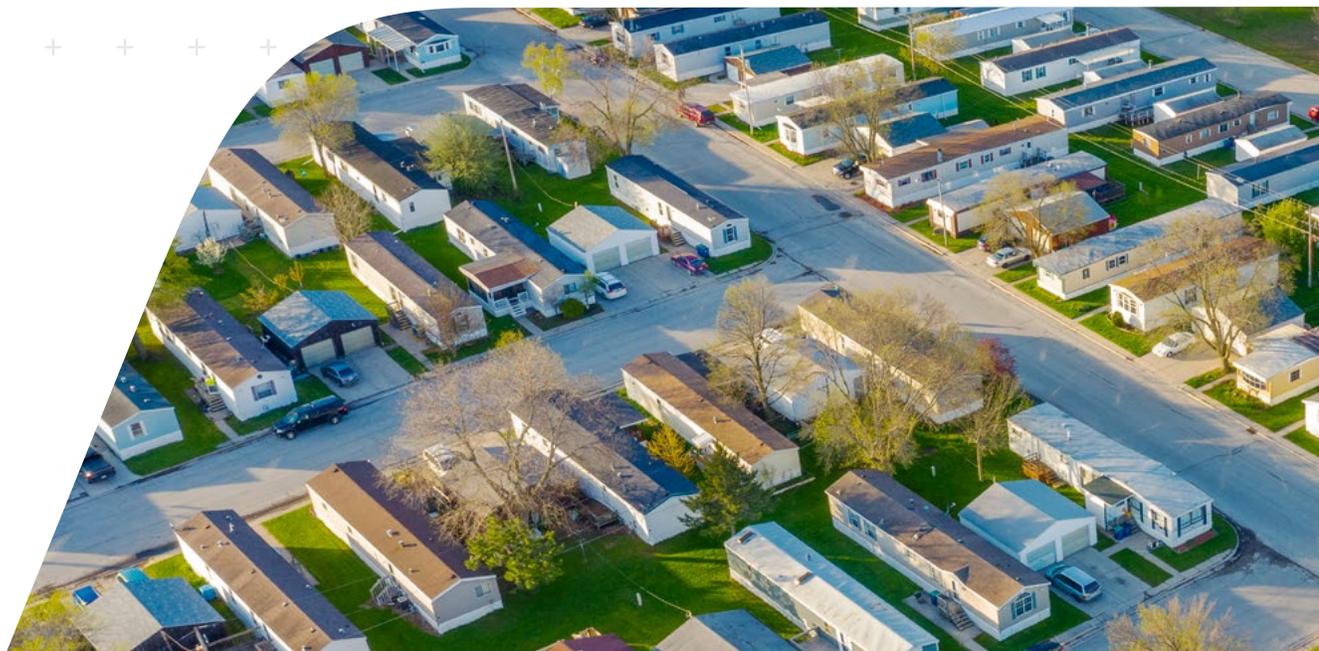
## Directors and Officers (D&O)

- + The private company D&O market remains highly competitive. Favorable pricing and broad capacity create opportunities for organizations to secure higher limits or enhanced coverage terms at historically attractive costs.
- + This is an advantageous time to review D&O limits and structure to ensure alignment with current governance, financial, and regulatory exposures.



# GENERAL RATE ESTIMATE

Non-CAT exposed property with a favorable loss history	Down 5% to 7%
CAT exposed property with favorable loss history	Down 15% to 20%
General Liability with favorable loss history	Up 8% to 9%
General Liability with non-favorable loss history	Up 15% to 30%
Umbrella & Excess Liability	Up 10% to 15%
Workers' Compensation	Down 10% to Flat





## **BEGIN THE RENEWAL PROCESS EARLY**

Partner with your broker early to prepare for any challenges and increase greater renewal success within market conditions.



## **PARTNER WITH INDUSTRY EXPERTS**

It is important to work with your broker's industry experts who understand the business and the market. Collaborate with a team that can best represent your risk holistically and partner with you.



## **PRIORITIZE PROACTIVE RISK MANAGEMENT**

Work with your broker to develop a comprehensive program that includes coverage analysis, benchmarking, contract reviews, and threat assessments. Highlighting your organization's commitment to risk management.



## **OPTIMIZE COVERAGE ACROSS LINES**

Review all lines of insurance to ensure comprehensive protection. Balance cost savings with adequate coverage to avoid underinsurance that could expose your organization to significant financial risks.



## **ENGAGE IN STRATEGIC RISK MANAGEMENT**

Work closely with your leadership team to align insurance decisions with your organization's broader risk management strategy. This ensures that coverage supports your business goals while safeguarding against unforeseen challenges.



## **CONTRACT REVIEW**

Working closely with your contract review team adds value to your overall risk management program by ensuring the indemnity language is market standard and doesn't expose you to unforeseen losses that may not be insurable. Risk transfer can be improved when having these discussions.



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## KEEP READING

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INSURANCE INSIGHTS

HR INSIGHTS

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