

# Trends Impacting the Commercial Insurance Market

In 2026, the commercial insurance market is showing signs of stabilization after years of volatility, but businesses still face a range of evolving risks that influence coverage costs. From climate-driven catastrophes and regulatory pressures to litigation trends and technology exposures, these forces are shaping underwriting practices and premium pricing across multiple lines.



**Social Inflation and Litigation Trends**—Social inflation refers to societal trends that push insurance costs above the overall inflation rate. Current drivers of social inflation include increased third-party litigation funding and the rise of anti-corporate culture. Amid these trends, businesses have been held more accountable for their wrongdoings, sometimes resulting in nuclear verdicts (jury awards exceeding \$10 million). Social inflation has been a main factor in rising claim severity and rate jumps across many commercial insurance segments.



**AI and Technology Exposures**—The rapid adoption of AI tools is creating new liability risks, including algorithmic bias, privacy concerns and cyber vulnerabilities. Insurers are scrutinizing policyholders' technology governance and disclosure practices, with inadequate oversight potentially triggering D&O, EPL and cyber claims.



**Inflation and Supply Chain Volatility**—Although general inflation has cooled, wage and medical inflation remain elevated, while tariffs and global supply chain disruptions continue to inflate construction and repair costs. These factors are creating property valuation gaps, underinsurance concerns and higher claims severity, prompting insurers to enforce rigorous valuation protocols.



**Cybersecurity Threats and Fraud Risks**—AI-powered cyberattacks, ransomware incidents and business email compromise (BEC) scams are escalating despite recent market softening. Shadow IT and deepfake-enabled fraud are also contributing to rising claims costs, prompting insurers to require robust cybersecurity controls and fraud prevention measures as prerequisites for coverage.



**Shifting Workforce Dynamics**—An aging labor force and persistent skills shortages are influencing workers' compensation and commercial auto exposures. Older employees face higher injury severity, while inexperienced drivers hired to fill trucking gaps increase accident risks. Employers leveraging telematics, AI-driven safety tools and return-to-work programs may see improved underwriting outcomes.



**Extreme Weather Events**—Natural disasters (e.g., hurricanes, tornadoes, hailstorms and wildfires) continue to make headlines as they become increasingly frequent and costly. Making matters worse, these events aren't limited to one geographic area. Natural disasters continue to leave businesses with significant repair and replacement expenses.



**Underwriting Discipline and Capacity Management**—Even as some segments show signs of stabilization, insurers remain cautious. Many carriers are maintaining strict underwriting standards and emphasizing risk quality, loss control, and accurate valuations. Organizations that cannot demonstrate strong risk management practices may face higher premiums, reduced limits or coverage restrictions.

---

Understanding these market trends is the first step toward controlling insurance costs. Organizations that take a proactive approach to risk management, loss control, and coverage strategy are better positioned to secure favorable terms and protect their bottom line. We are here to provide much-needed market expertise. Contact us today for risk management guidance and insurance solutions.