

INSIGHTS ON THE CURRENT AND FUTURE STATE OF THE U.S. CASUALTY INSURANCE MARKET



2026 RPS CASUALTY MARKET

After nearly half a decade of disruption and recalibration, the U.S. casualty insurance market is finally approaching something that looks like equilibrium and a potential light at the end of the tunnel in 2026.

But “leveling off” doesn’t mean “going back.” The volatility, structural shifts and underwriting reforms that characterized the early 2020s have fundamentally reshaped how risk is priced, managed, and transferred, establishing a higher, more disciplined baseline that is unlikely to change anytime soon.

The story of casualty over the past few years has been one of forced evolution. Carriers, brokers and insureds alike have adapted to unprecedented loss trends, “thermonuclear” verdicts, social inflation and changing reinsurance appetites. What once felt like a temporary hard market correction has now solidified into a new normal. Limits are smaller, retentions are larger, and underwriting scrutiny is running deeper than ever. Yet for all the underlying change, there are encouraging signs: upward rate pressure is easing, capacity is growing and both primary-to-standard and E&S lines are showing strength.

The result? After nearly five years of post-Covid uncertainty in casualty, the industry is beginning to settle back into a more predictable rhythm and discipline.

“When I think about the casualty marketplace, where we are and where we are heading into 2026, I would characterize it as resilient growth,” says Ania Caruso, National Casualty President and Leader at Risk Placement Services (RPS).

“What I mean by it is that we’ve got some premium expansion that is slowing, some due to competition, but that’s contributing to some easing on the upward rate pressure.”

Although there has been some improvement on the primary lines in casualty, umbrella & excess and commercial auto lines continue to be quite dynamic, she says, with rate increases ranging from the upper single-to double-digits. Some of the variability in rates right now is being driven by individual loss profiles, while others are taking into account types of risk and geographic differences in litigation rates and potential for nuclear verdicts.





“Changing customer expectations are reshaping how we deliver our products,” Caruso adds. “Our customers are becoming more sophisticated, so we’re looking to utilize technology in new ways and come up with creative solutions to meet the needs of our clients.”

Today’s insureds have more tools and insights as well as an understanding of the role they can play in their overall risk management and the impact it has on the cost of the risk transfer. That includes embracing telematics and analytics to identify patterns as well as implementing preventative programs like safety protocols as part of a comprehensive suite of risk management practices to demonstrate a best-in-class risk profile to the carrier. All of this empowers the risk manager or CFO to proactively influence the risk transfer cost, rather than reactively accept it.

This maturity is showing up throughout the market. Carriers are applying greater precision to underwriting, replacing the old binary “hard vs. soft” mindset with individualized risk underwriting and class-specific strategies. Per Caruso: “Those generalizations are gone. It’s not about the cycle anymore; it’s about the risk.” This nuanced approach, balancing rigor with flexibility, is allowing markets to stay profitable even as rates plateau and competition slowly returns.

On the whole, the casualty market is moving in the right direction, extending to the reinsurance market as well, according to Gallagher Re’s Head of Casualty for North America, Emily Apostolides.

“This is the first year in maybe two or three years where reinsurers are starting to sound more cautiously optimistic,” she says. “Not universally, but they are with the clients that have maintained discipline, with rates continuing to firm and discipline holding steady across both insurance and reinsurance. Limits are still compressed, attachments are still higher than they had been six years ago, and rates are still moving upwards. Although there are new entrants, their impact hasn’t been disruptive because there’s so much discipline in the market.”

Overall, the lessons of the correction regarding loss reserving, claims management, and feedback loops between underwriting and actuarial teams are beginning to take hold. As the market enters 2026, casualty is defined less by crisis and more by discipline. The volatility remains, but it’s increasingly manageable. The correction is essentially complete, but its lessons endure. The year ahead promises steadier rate increases, a gradual expansion of capacity and continued evolution in how insurers, reinsurers and brokers collaborate to strike a balance between stability and innovation.

A NEW ATTITUDE

“Two is the new five,” says RPS Executive Vice President Russ Stein, “meaning that, as you’re building these excess programs now, lead fives are getting harder and harder to come by. A couple of years ago, you were fortunate if you had a lead of 10. Now it’s taking two, three, or sometimes even four carriers to get up to \$5 or \$10 million in limit, depending on the class of business.”

It goes even further than that, he adds, explaining that the market has been trending in this direction for years: “Fifteen used to be the new twenty-five, then ten became the new fifteen, five the new ten, and now two is the new five. Capacity management is alive and well.”

That dynamic reflects the lingering tension between supply and risk appetite. While new entrants and MGAs have introduced fresh capacity, most have targeted narrow classes or higher layers, avoiding the structurally challenged segments, particularly those in auto, construction, habitational and lead excess.

“There’s capacity,” says Stein, “but it’s all chasing the same things. Capacity is plentiful above \$10 million, but where insureds really need help, within that first \$10 million, the market is still limited.”

New entrants are being selective, focusing on niches and clean portfolios, while legacy carriers recalibrate their strategies toward profitability. Many who cut back during the height of the correction appear to have finished that exercise, suggesting that the contraction phase is over, even if expansion remains slow.

One of the most striking changes in casualty over the last several years is the newfound discipline among carriers and their willingness to walk away from underpriced business. This has left incumbents at a disadvantage in this market, as management holds firm on pricing. If a competitor wants to come in and undercut them by 15 or 20 percent, today they are more likely to let it go, preferring to walk away from a deal than take a rate decrease.

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New capacity is coming in, but it’s not a free-for-all. These new players are picking their spots – clean accounts, good governance and low volatility. You’re not seeing them rush into the tough stuff. That’s why the market still feels tight, even with more names on the sheet.”

Dante Pezzi
RPS Area President



This restraint is not a temporary correction; it's a cultural shift.

“Carriers are looking to grow more so with targeted clients, not universally, but with those who’ve maintained underwriting rigor and built claims expertise in-house,” says Apostolides. “That approach has helped stabilize treaty terms and reinsurance pricing heading into 2026. You never want to declare victory, but it seems like we’re feeling more comfortable with where casualty is.”

THE EVOLUTION OF RISK

As the casualty market’s structural hardening has created a new pricing baseline, the risk landscape has evolved just as dramatically. Even as underwriting steadies, unpredictable human factors, such as jury behavior, litigation funding, and jurisdictional volatility, among others, ensure that true stability remains elusive.

For more than a decade, “nuclear verdicts” have been the defining headline for casualty underwriters. Despite efforts at reform, there’s little evidence that the trend has meaningfully slowed. For instance, a recent report from PR firm Marathon Strategies identified more than \$1.4 billion in jury awards against trucking and automotive companies in 2024 alone.

“In 2024, 135 lawsuits against a corporate defendant resulted in a nuclear verdict — those that surpass \$10 million — the largest number of such cases Marathon has identified in a single year since 2009, and a 52% increase over 2023,” the company said in a statement. The total sum of these verdicts reached an eye-popping \$31.3 billion, a 116% increase over 2023.”

Among the most disruptive forces in this area is the rise of third-party litigation funding, which involves private capital being invested in lawsuits with the expectation of a return on judgment or settlement. Once an obscure niche, this practice has grown into a multibillion-dollar industry, quietly underwriting an increasing share of major liability cases.

Total litigation funding investments are estimated to reach \$18.9 billion in 2025 and exceed \$67 billion annually by 2037.

This injection of external capital into the court system has extended case durations, increased plaintiff staying power, and raised the ceiling on potential awards.

Carriers are also now focusing on jurisdictional risk. Simply put, geography can determine outcomes as much as industry or behavior, since the litigation environment in Illinois and Texas differs significantly from that in California or New York. These jurisdictional divides are shaping everything from pricing to policy structure.

Taken together, these trends have shifted the conversation around large jury verdicts. Carriers are no longer surprised by nuclear awards; they're expected, but that expectation hasn't dulled their impact. "A million dollars doesn't mean the same thing it used to," Caruso says. "For juries today, it's just a number."

In this environment, the industry is learning to operate with a higher baseline of legal severity. What was once treated as a shock loss is now part of everyday risk modeling, although the real-world implications for insureds remain. For brokers and insureds, this means adjusting expectations: understanding that legal volatility isn't a temporary headwind but a permanent feature of the market.

It's frustrating for clients, says Area Senior Vice President and Casualty Broker Michael Schafer. "You can do all the right things — training, inspections, documentation — and still get hit hard. That's the most frustrating thing for clients. They do everything correctly, and they're still sitting on a \$50 million loss."



COVERAGES AND CLIENTS

One of the defining features of casualty placements in 2025 is structural complexity. For brokers, this means not only more pre-underwriting analysis but also a fundamental change in how programs are conceived.

“We can’t just build traditional towers,” says Sarah Wirtz, RPS Casualty Branch Manager, Area Senior Vice President, and Environmental Practice Leader. “Sometimes it’s quota shares, sometimes it’s a facility, sometimes it’s combining casualty with environmental. You have to be creative.”

This new reality has turned program design into a form of engineering, calling on brokers to balance cost, continuity, and credibility in a market where capacity is cautious but available to those who demonstrate the right kind of diligence. As underwriting rigor has deepened, so too has scrutiny on emerging exposures. Carriers are no longer satisfied with generic liability protection; they are carving back coverage where systemic risk is poorly defined.

“Exclusions are expanding,” Wirtz says. “Habitability, abuse and molestation, active shooters, and PFAS — those are the big ones. And some of these exclusions are creeping into classes where they never appeared before.”

The line between casualty and specialty coverage is also blurring. Environmental, event-driven and social-exposure losses increasingly spill into general liability forms, forcing brokers to think laterally about coverage integration. “We’ve been combining GL and environmental programs more often,” says Wirtz. “It avoids finger-pointing between carriers when a claim hits both sides and often delivers better terms.”

For insureds, years of steady rate increases and compressed capacity have pushed many toward lower limits and more skin in the game. They’re taking on more risk on their own balance sheets by accepting higher deductibles, utilizing self-insured retentions and forming captives, particularly in the middle market.

For many buyers, this has meant buying a lower overall limit. Instead of \$75 million towers, many are settling for \$25 million or less, supplementing with internal funding mechanisms or targeted reinsurance layers. This shift is reshaping the insured-carrier relationship into something more strategic. Insureds are no longer passive purchasers; they’re active participants in risk financing, using data and evidence to justify every layer they buy.





UNDERWRITING HAS CHANGED

One of the most apparent divides in the modern casualty landscape lies between primary and excess layers, reflecting the changes in casualty underwriting over recent years. Whereas underwriters once focused on broad-stroke pricing and cyclical swings, they are now taking an analytical, data-driven approach to their work, focusing on the specifics of each account.

This is reshaping how underwriters view the tower. Primary business is priced for expected loss; excess business is priced for perfection.

“Umbrella and excess coverage were never meant to have both frequency and severity,” says Stein. “It was meant for catastrophic loss. But in recent years, we’ve seen both.”

The result is a class of carriers that now view the upper layers not as speculative profit zones, but as fragile ground requiring strict control. It also means that risk management is no longer optional. It’s being written into underwriting conversations from the very beginning.

“Telematics used to be a suggestion,” Schafer says. “Ten years ago, fleet operators could view it as a competitive advantage. Today, it’s a prerequisite. Underwriters expect to see hard evidence of tracking, monitoring, and coaching programs, and they’re willing to decline risks that can’t show it.”

This shift reflects a broader cultural shift in underwriting: a focus on proof over promise. Carriers are demanding documentation of safety protocols, employee training, post-incident procedures, and data analytics to ensure compliance.

“It’s not enough to say you have a loss-prevention program,” says Caruso. “You have to show that you act on it.”

SECTOR DEEP DIVES

Construction:

Construction remains one of the most complex classes in casualty. Capacity is present but fragmented, and underwriters are deeply selective, particularly on heavy construction, habitational builds, and wrap-up projects.

“Even with rates stable in some areas, we’re not seeing limit expansion,” Schafer says. “You can have competition on rate, but you’re still building towers in small slices.” Those slices come with tighter exclusions for additional insureds, contractual liability, and third-party injury, especially where subcontractor oversight or safety documentation is weak.

Construction site injuries continue to drive nuclear verdicts, often under general liability rather than auto. Insureds are responding with stronger loss-prevention measures and telematics use in fleets. Carriers expect prequalification data, OSHA logs, and site-specific training documentation as part of every submission. “Controls are mandated now,” says Schafer. “If you can’t show them, you’re not getting a quote.”

Habitational:

No class better illustrates the casualty market’s tension between availability and affordability than habitational. Nuclear verdicts, premises liability claims, and social inflation have made this one of the hardest sectors to place. Carriers are mandating proactive controls, including cameras, lighting, and third-party security contracts, as minimum standards. Some are going further, declining accounts without proof of enforcement.

For brokers, creative structuring is essential, involving the combination of layers, utilization of facility programs, and leveraging captives where possible. For insureds, documentation is survival. “Insurers want evidence,” says Christian Enwright, RPS Area President. “Incident logs, training protocols, ride-share signage — you prove diligence.”



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Christian Enwright
RPS Area President

Public and nonprofit:

Few sectors are as geographically polarized as the public and nonprofit space. Here, the rule of thumb is simple: jurisdiction makes all the difference.

“The environment in Illinois and Texas is very different from California or New York,” says Pezzi. “Capacity has come in significantly over the last two years, but not necessarily where it’s needed most. Public entities in plaintiff-friendly states are still struggling.”

Rates for public and nonprofit coverage remain firm but steady; yet, the underlying uncertainty around the legal climate, employment practices, and Title IX exposures continues to drive caution.

“We’re seeing carriers ask for more documentation on training, safety procedures, and claims response,” Pezzi says. “It’s about showing they have a handle on operations. But we’re also getting insureds, carriers, and brokers on the same calls. It’s powerful when an insured hears directly from the underwriter about what matters.”

Hospitality:

The hospitality sector has rebounded in activity since the pandemic, but casualty underwriters remain wary. Bars, nightclubs and entertainment venues face heightened scrutiny due to liquor liability, assault-and-battery exposure, and crowd management risk.

“It’s about mitigation, not elimination,” says Enwright. That means visible controls, such as security staff training, CCTV coverage, incident reporting logs, and ride-share signage, to reduce drunk-driving exposures.

Underwriters are particularly focused on post-incident procedures. “They want to see that you have standard operating protocols,” says Enwright. “You log what happened, how staff responded, and what follow-up occurred. That’s how you prove diligence.”

While rates remain firm, creative structuring, including quota-share facilities and layered solutions, is keeping many accounts insurable. Brokers who bring complete, well-documented submissions continue to find success. Says Enwright: “It’s all about showing the story before you’re asked.”

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Russ Stein
RPS Executive
Vice President

LESSONS FOR BROKERS

The modern casualty broker has evolved from a relationship manager to a translator of risk. Relationships still matter, but they're defined by credibility, not charisma.

“Today, you win because you're prepared,” Stein says.

“You know what your client's exposures are. You speak the carrier's language. You show them the data before they ask.”

That shift mirrors the larger transformation of the market: from cyclical to structural, from reactive to disciplined. Brokers who embrace this evolution and can bridge the expectations gap between insureds seeking relief and carriers seeking precision will continue to thrive.

Creativity and flexibility have also become defining brokerage skills. As capacity fragments, brokers are structuring programs with the precision of engineers, balancing limits, attachments, and pricing across a patchwork of carriers.

“You can't just build towers anymore,” says Caruso. “You have to think in layers, quota shares, carve-outs, facilities and vertical splits. There's no single formula; every deal is custom.”

Wirtz described one recent placement as “a quilt” that included 10 markets, five attachment points, and three manuscript endorsements. The key, she explains, is coordination: making sure terms align, communication is consistent, and all parties understand how the layers interact. “It's a lot of moving pieces, but it works when everyone is informed.”

Reinsurance has added an extra dimension of selectivity, with reinsurers rewarding disciplined behavior at the cedent level: “They're not saying yes to everything,” says Apostolides. “They're saying yes to programs where the primary carriers have shown control.” Brokers who can articulate that discipline upstream, through detailed submissions, claims summaries, and loss-control documentation, give their clients a competitive edge. The most successful brokers aren't merely chasing quotes; they're engineering outcomes, structuring placements that align with each insured's loss behavior, jurisdictional exposure, and financial appetite.

The push for creativity in client relations is also changing the overall value proposition for brokers in casualty, shifting from dealmaking and sales to a more partnership-and guidance-based role. It also means starting conversations early with insureds, remaining in contact throughout the year, and being prepared to address questions when renewals come around again.

“You have to be an educator now,” Stein says. “Managing expectations is half the job.”

The renewal calendar has also shifted. Where 60 days used to suffice, most brokers now begin the renewal process 90 to 120 days out. That extra lead time isn't just about paperwork; it's about storytelling, giving the broker time to showcase what the insured has accomplished since last year, including new trainings, enhanced controls and improved claims management. Early engagement also helps carriers allocate limited capacity more effectively.

“Carriers are doing more top-down reviews,” Schafer explains. “They're triaging submissions. The early, complete ones get attention first; the rest might get stuck in the queue.”

And once the process starts, silence is deadly. “Keep the communication flowing,” Wirtz adds. “If you don't have an update, say that. The more visibility underwriters have into the account, the more likely they are to stick with it when things get tough.”

That cadence of education and transparency has become the broker's best tool for retention. Translating diligence into underwriting credibility, through documentation, safety logs, telematics data and training records, can make the difference between a challenging renewal and an impossible one.

Says Pezzi: “In public entity business, the worst thing you can do is surprise a carrier. I tell brokers to bring the underwriter into the process early. Let them hear from the insured directly. It changes the tone of the entire renewal.”

Brokers are getting creative to build coverages that fit within the market's narrower parameters: tiered rating, carve-outs, facilities, and quota shares are all in greater use. “You have to pre-underwrite with an eye toward potential claims,” Wirtz says. “Show the market that you understand where the exposures live, and that the client does too.”

In short: no surprises. The casualty market in 2026 rewards those who are prepared. When carriers feel informed, and insureds demonstrate control, negotiations move faster, and the most challenging conversations become easier.

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RPS Casualty Branch
Manager, Area Senior Vice
President and Environmental
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“

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Emily Apostolides
Gallagher Re's Head of
Casualty for North America

LOOKING AHEAD

After years of turbulence and transformation, the casualty market enters 2026 with a growing sense of discipline and stability. The post-COVID correction is largely complete, capacity is cautiously returning, and pricing has reached a point of predictable stability on the primary layers, with excess layers adhering to more complex underwriting and a bit more volatility. This is not a soft market returning; it's a smarter market emerging.

Across the board, rates are stabilizing and holding firm. The consensus among brokers and carriers is that primary lines will remain flat to +5%, while excess liability will trend upward by 5% to low double digits, depending on the class and jurisdiction.

“We've reached that moment where the market feels more balanced,” says Apostolides. “We're not talking about major price corrections anymore; we're talking about sustainability.”

That said, remnants of the previous market linger. Carriers remain cautious, particularly on accounts with a high proportion of habitational, construction, and auto-related business, where nuclear verdict exposure continues to distort loss expectations. The market has learned its lessons over the last several years and has settled into a higher baseline going forward.

A gradual competitive drift is beginning to appear, especially in the upper layers and less volatile classes. As property softens and carriers search for balanced portfolios, some are testing new lead positions or returning to segments they exited years ago.

But the tone is measured. “We're not seeing reckless competition,” says Stein. “We're seeing careful experimentation; small lines, controlled exposures and proof before volume.”

For insureds, the path to better pricing runs through risk control and documentation. Those who can demonstrate what they're doing to prevent loss will have an easier time finding capacity. It's all about evidence, with training logs, telematics, ride-share programs, safety audits and more, all contributing to an insured's diligence story.

This is also reshaping the relationship between insureds and carriers. Data, once a compliance tool, is now a negotiation lever. Carriers reward transparency with stable pricing, and insureds who share their data proactively are building reputational capital that pays dividends over time.

The casualty market has plateaued at a higher baseline, one defined by discipline, documentation and data. The volatility isn't gone, but it's better managed. The underwriting rigor that once felt constraining now provides a foundation for innovation. Brokers are more creative. Carriers are more transparent. Insureds are more accountable. The system, while imperfect, is more resilient than it has been in decades.

Heading into 2026, the challenge for the casualty market as a whole — and those working in it — is to ensure that the lessons learned over the last several years are not forgotten and continue to guide the path forward in the years ahead.



As Caruso says: Innovation and technology remain critical in casualty so that we can be proactive in the face of our fast-paced, global economy. Knowing that, brokers need to be able to look at the market from a lot of different angles – taking in the interests of carriers, insureds, reinsurers, and more – with an understanding that this industry is not transactional; it's consultative. Insurance is part of the backbone of the economy, and we want to be able to continue supporting the businesses we work with for many years into the future."



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