Q1 2025

Global Insurance Market Insights Report

Interactive PDF →

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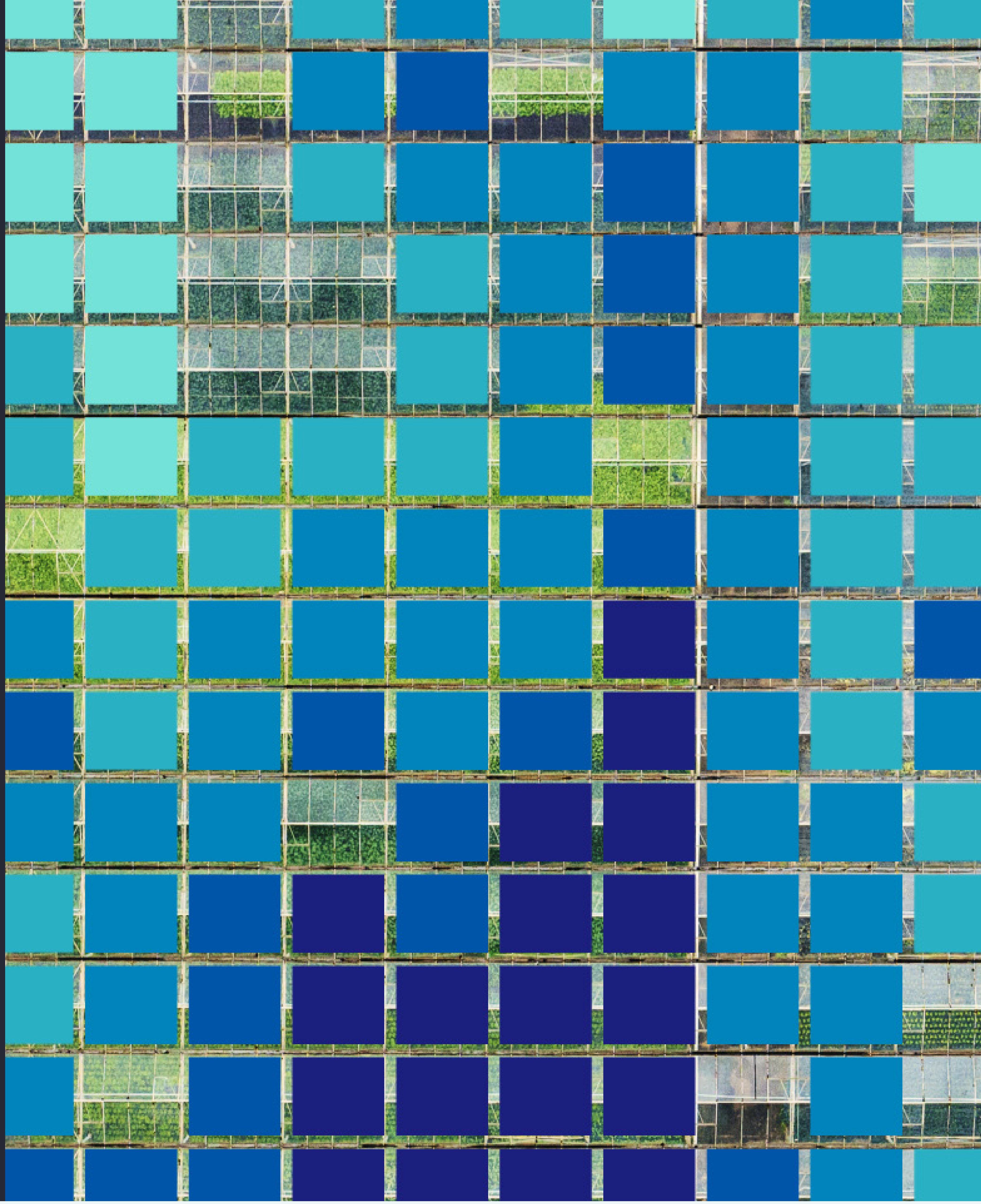
Introduction



Q1 Global Insurance Market Insights Introduction

Amidst a turbulent geopolitical climate, the insurance market at the start of 2025 has been a welcome source of stability. The devastating wildfires in California during the first weeks of the year have not diverted the insurance market from the positive trajectory set in motion during the second half of 2024. On the contrary, the insurance ecosystem has proved itself remarkably resilient, absorbing more than $37bn in losses from the Los Angeles wildfires without interruption to capacity or coverage.

While, as a whole, market conditions remained moderate in the first quarter of 2025, the softening trend accelerated for well-performing and preferred risk types, especially when supported by quality underwriting information. Wide portions of the market are now characterized by ample capacity, strong competition, and flat-to-modestly-down pricing, with some exceptions for highly volatile products, industries and geographies. Insurers are squarely focused on growth, but underwriting remains disciplined and selective. The insurance industry at large is investing heavily in data and tools that help quantify and differentiate risks and that position risk managers and insurers alike to respond quickly to emerging trends. For example, we are seeing insurers continually adapting their appetite and pricing to reflect changes in loss and risk trends in automobile, U.S. casualty, and natural catastrophe-exposed property. We are also seeing an increase in the use of risk bursaries – allocating a portion of the insurance premium for risk improvement and related services – as risk managers seek cost-effective ways to strengthen their organizations' resilience.

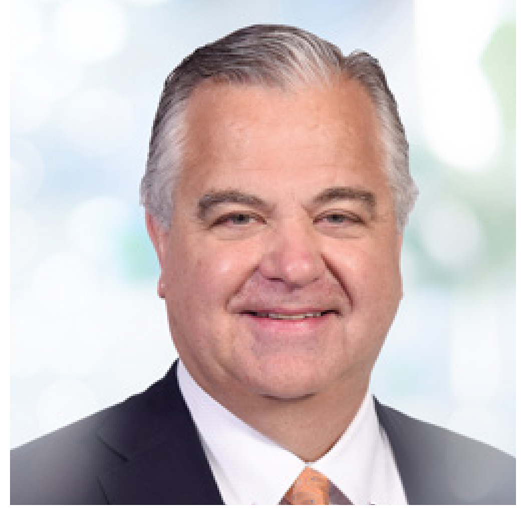
Notable trends in Q1 include:

- Automobile and U.S. casualty exposed risks continued to experience challenging market conditions as insurers respond to ongoing adverse loss trends.
- Natural catastrophe exposed property risks in areas that experienced extreme weather events in 2024, such as Canada and the United Arab Emirates, experienced challenging conditions, with sub-limits and increased deductible levels now common.
- As insureds look to future-proof their programs against traditional market cycles, interest continues to grow in alternative risk transfer, parametrics, and captives – as well as long term agreements (policy terms greater than 12 months) that lock in current rates.

Today's favorable market conditions present opportunities for risk managers to revisit their risk strategy – from exposure management and quantification to their risk financing approach – and evaluate the quality of their market relationships and resilience of their end-to-end risk program. Under competitive pressure, insurers are more flexible and willing to consider increasing policy limits to a degree, eliminating sub-limits, reducing deductibles, and expanding coverages. It is important to also bear in mind that we are now in a modern era ripe with non-traditional solutions – parametric, captives, facultative reinsurance, and custom policy wordings, to name a few – and now is an ideal time for risk managers to explore how to leverage these solutions to make their risk strategy more robust and future-proof.

While the insurance environment is largely buyer-friendly at present, we must not lose sight of the cyclical nature of the insurance market. Most of the current softening is due to insurers' retained earnings from the recent profitable years. We have not seen an influx of new capital into the industry. The 2025 Atlantic hurricane season is still ahead of us, and further natural catastrophe losses may affect insurer growth appetite and positions in 2025. In addition to adverse claims trends already working their way through U.S. casualty and automobile lines, trade disputes and tariffs could have consequences for future claims inflation, with higher replacement and repair costs. We are working with our clients to help them capitalize on short-term opportunities presented by current market conditions, while anticipating and positioning for the longer term. By leveraging both traditional and non-traditional solutions, securing long-term agreements, and helping clients invest in lasting insurer partnerships, we are driving greater certainty of price and coverage on behalf of our clients. In an increasingly volatile and complex risk landscape, we continue to remind our clients that opportunistic plays should be weighed against the benefits of strong relationships with trusted insurance partners. The importance of stability and certainty cannot be underestimated.

On behalf of our global Commercial Risk team, we hope you find the information in our Q1 Global Insurance Market Insights helpful in understanding recent developments in the risk and risk-solution environment as you look for opportunities to empower your organization to thrive.



Joe Peiser

Chief Executive Officer
Commercial Risk Solutions

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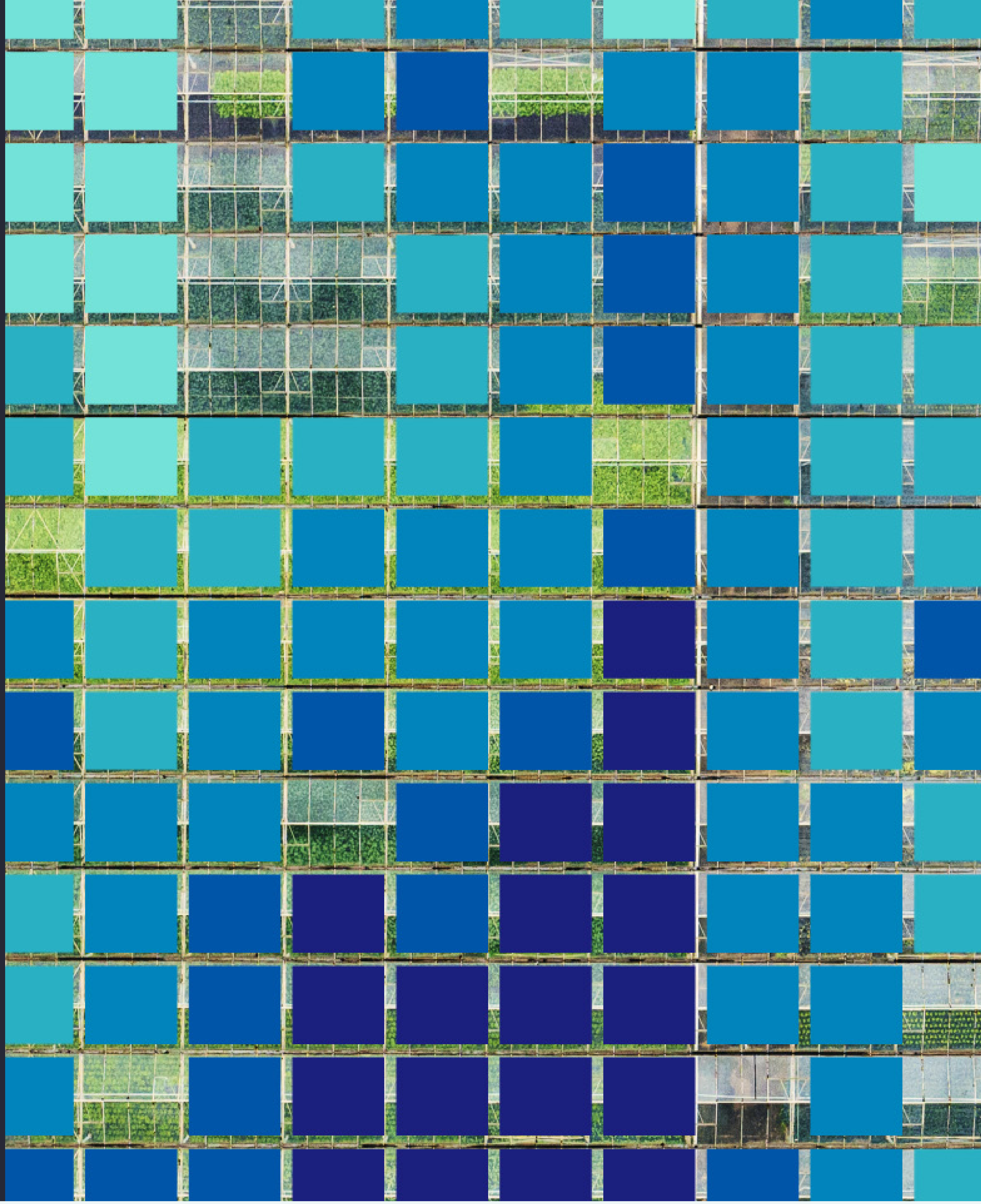
Global Insights



Q1 Global Insurance Market Dynamics

	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Asia	-1-10%	Abundant	Flexible	Flat	Flat	Stable
EMEA	-1-10%	Ample	Prudent	Flat	Flat	Stable
Latin America	Flat	Ample	Prudent	Flat	Flat	Stable
North America	Flat	Ample	Prudent	Flat	Flat	Stable
Pacific	-1-10%	Abundant	Flexible	Flat	Flat	Stable

Q1 Global Insurance Market Dynamics

Pricing

Overall, pricing in the quarter was generally moderate, but with a growing softening trend across wide swathes of the market. Cyber and directors and officers continued to enjoy favorable pricing in almost all markets, albeit with signs of moderation. Automobile pricing, however, continued to rise due to loss trends, and U.S. exposed casualty remains challenged. Property conditions were moderate: increasing capacity and insurer growth targets resulted in discounts, especially for preferred risks supported by quality underwriting information, while geographies that have suffered large losses from extreme weather events, such as Canada and parts of Europe, Middle East and Latin America, experienced modest rate increases for natural catastrophe risks. The Los Angeles wildfires in January had little effect on property renewals. Japan is the geographic outlier, as insurers raised pricing across the board in a bid to improve profitability.

Capacity

Capacity has been generally sufficient, and increasingly abundant in areas targeted for growth, such as cyber, directors and officers, preferred property risks and non-U.S. exposed casualty, with some increases in deployment and strong competition from international markets. Treaty reinsurance conditions remained favorable, and facultative reinsurance is helping fill local capacity gaps for large property risks, especially in Latin America. Some capacity constraints have continued, particularly for natural catastrophe and high-hazard property, automobile and U.S. casualty risks.

Underwriting

Underwriting has remained disciplined overall, although increasingly flexible where placements are subject to intense competition, typically in cyber, directors and officers and preferred property risks, especially where quality risk information is provided. Insurers are showing more willingness to quote risks they would not have previously considered. Underwriting remains rigorous on challenging risk types and lines of business, such as automobile, U.S. exposed and complex casualty, and some natural catastrophe property risks.

Limits

Adequate limits were available for the majority of risks, although challenging risk types remained under pressure. For highly competitive lines, namely cyber and directors and officers, many clients are opting to convert premium savings into higher limits, especially where limit reductions were imposed during the hard market.

Deductibles

Broadly, most placements have been renewing with expiring deductible levels; however, lower deductible levels are available in many cases and insureds are increasingly opting to convert premium savings into deductible reductions. Higher deductibles are being required by insurers for certain lines and risk types, namely, automobile, poor-performing property risks, and natural catastrophe exposures in some loss-impacted markets. In Japan, some insureds are raising property deductibles to help mitigate rate increases.

Coverages

While most placements have been renewing with expiring coverages, insurers are competing based on coverage terms - offering broader coverage to attract and retain business in the most competitive segments of the market, such as cyber and directors and officers. Ongoing political events remain a consideration; potential peace agreements in Ukraine and the Middle East could pave the way to the eventual removal of certain relevant coverage restrictions.

Q1 Global Insurance Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
Asia	Moderate	Soft	Soft	Soft	Soft
EMEA	Moderate	Moderate	Soft	Soft	Moderate
Latin America	Moderate	Moderate	Soft	Soft	Moderate
North America	Challenging	Moderate	Soft	Soft	Moderate
Pacific	Moderate	Moderate	Soft	Soft	Soft

Q1 Global Insurance Product Trends

Automobile

Conditions have been moderate-to-challenging. Risks and geographies with adverse loss trends such as the U.S. and parts of Europe, continued to experience rate increases and rigorous underwriting; however, there has been a trend toward more favorable conditions in some markets as insurer appetite strengthens. In some cases, insurers have required higher deductibles and/or have imposed risk management controls such as telematics.

Casualty

Conditions have been moderate overall, but increasingly favorable for non-U.S. exposed risks, driven by ample capacity and insurer appetite for growth. In the U.S., challenging conditions persist for excess liability, where some insurers are reducing limits or withdrawing. International casualty programs with significant U.S. exposure have also experienced capacity constraints, pricing pressures and coverage restrictions. PFAS, biometrics and wildfire are areas facing increased underwriting scrutiny, and in some cases exclusionary wording mandates.

Cyber

Despite an increase in claims frequency and deteriorating prior year loss development, market conditions for cyber market conditions for cyber have remained buyer friendly. Capacity is ample-to-abundant, resulting in modest rate reductions and broad coverage for many insureds. Underwriting has remained somewhat rigorous, with insurers emphasizing the importance of appropriate controls. Many insureds are using premium savings to increase or restore limits lost in the previous hard market. Aon continues to develop tools and facilities to drive innovation in coverage and provide access to capacity.

Directors & Officers

The directors and officers market has remained highly competitive, with continued rate reductions – albeit, decelerating from those seen in 2024 - and opportunities to secure higher limits and enhanced coverage. However, some challenges have continued. Insurers are watching macroeconomic trends closely, and a small number have exited the U.S. directors and officers market. Placements for companies in bankruptcy or financial distress, as well as cryptocurrency risk or certain ESG exposures, have faced a challenging market environment. Given the potential for market volatility, and current attractive premium rates, clients are shifting their focus toward stability and certainty, investing in long term insurer relationships.

Property

Overall, the property market has remained moderate, but with accelerated softening for well-performing preferred risks. Increasing capacity and insurer growth ambitions have led to increased flexibility and pricing competition, double-digit rate reductions seen for the most sought-after risks. However, pockets of the market, especially large risks in geographies with a recent history of natural catastrophe losses, such as Canada, parts of Europe, the Middle East and Latin America, face capacity constraints and restrictions on terms, conditions and coverage. In Japan and India, property rates are under pressure as insurers look to improve underwriting profitability.

Q1 Global Claims Trends

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Aon’s 4 identified mega trends impacting the risk environment continue to drive claims experience, with the Trade megatrend coming into sharp focus. Sweeping tariffs continue to cause volatility, with potential knock-on impacts to price and supply chains. We are encouraging clients to review their approach to risk mitigation, assess and diversify their supply chains, and partner with insurers who are committed to resolving claims proactively.

Mona Barnes

Global Chief Claims Officer
Commercial Risk Solutions

Q1 2025 saw continued claims related to the 4 mega trends impacting the risk environment, namely Trade, Technology, Weather and Workforce. Other key claims trends we observed in Q1 include:

Insurers are committed to improving the client claims experience

We have seen positive momentum from insurers who are enhancing their client service commitments by tightening claims cycle times, especially on lower-value claims. In addition, insurers who have invested in improving their IT and data capabilities are now seeing the benefits and putting these tools to good use to improve the claims experience for clients. However, we have also experienced a continuing (and concerning) trend by some insurers to heavily rely on external legal counsel opinion prior to communicating with clients on mid-large claims. This move can cause clients to instruct their own lawyers, creating less open dialogue and transparency and elongating the lifespan of claim resolutions. Our experienced Aon claims teams can help navigate clients through these complex situations.

Business continuity planning is helping business manage volatility

Climate change, and resulting natural catastrophes, is expected to continue to create volatility in terms of both societal disruption and economic impact, creating a knock-on effect to insurance claims. Putting the right business continuity plans in place ahead of natural disasters is assisting companies in getting back up and running as quickly as possible.

“Social inflation” and adverse litigation trends are continuing

Adverse litigation trends, including the rise of class actions, mass torts, nuclear litigation verdicts, litigation funding, and a proactive plaintiff bar, combined with economic inflationary pressure, are expected to continue. While these matters are being aggressively managed on individual claims, an industry coalition comprised of brokers, insurers, clients, defense counsel and other stakeholders is collaborating more broadly to combat these litigation developments through strategic defenses and/or settlements.

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Q1 Global Claims Trends

Cyber threats are ever-present and increasingly sophisticated

As a society, we have become ever-more dependent on our IT infrastructures and sharing data when transacting for goods and services. With this comes an associated risk of cyber-attacks and data breaches stemming from myriad factors including software vulnerabilities, compromised credentials, social engineering, and the interdependence of organizations sharing data. We continue to work with Aon clients to ensure they have robust IT infrastructures, proper controls, and cyber claims training in place – urging them to partner with insurers who offer comprehensive cyber coverage and cyber claims subject matter expertise.

We are encouraging clients to take advantage of the softening market by reviewing their approaches to risk mitigation and claims. Now is the time for clients to evaluate their insurer partners not only on placement outcomes but also on their claims paying track record, transparent communication during the claims process, engagement with Aon claims and broking professionals on behalf of the client, and commitment to improving the client claims journey.

During a time when there is a relative skills shortage in some key segments of the risk and insurance environment, Aon Claims Teams have the expertise to support our clients' claims journeys.

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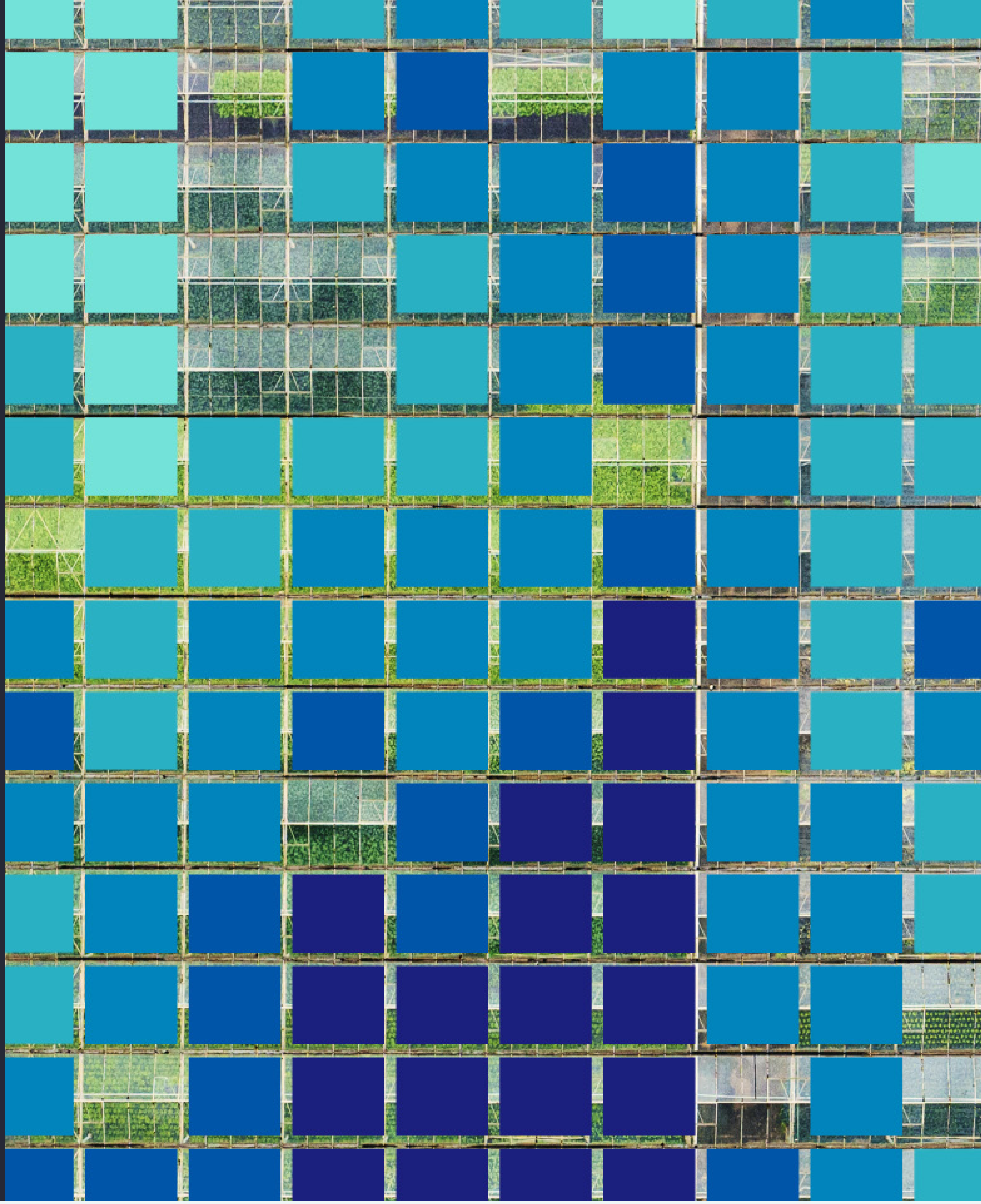
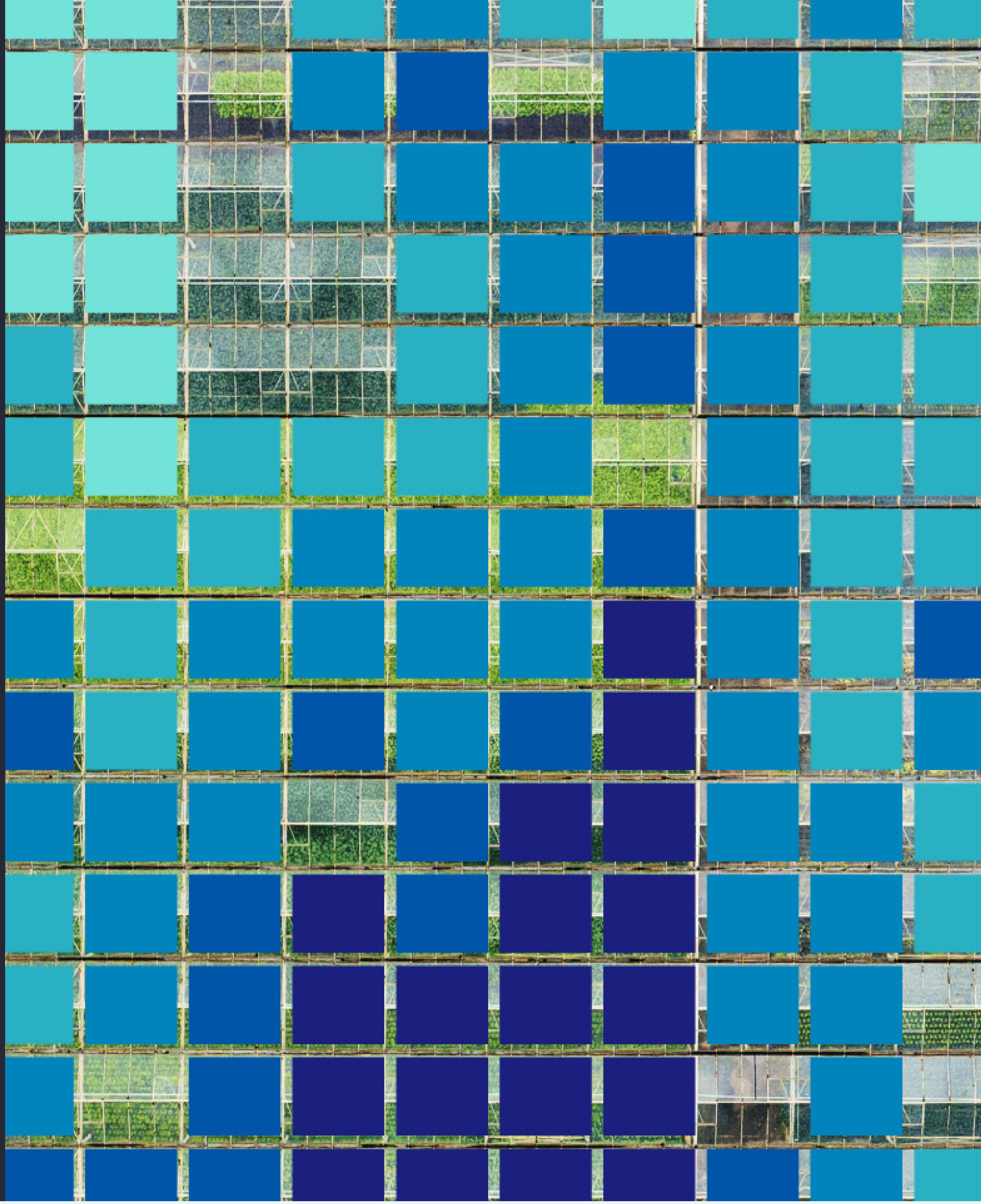
Regional Trends



Asia Market Overview



Q1 Asia Market Overview

The market remains favorable for clients in Asia, with optimized renewals displaying a balance of favorable pricing and enhanced coverage.

Jon Pipe

Head of Commercial Risk Solutions Asia

Executive Summary

- The outlook remains cautiously optimistic for economic expansion across Asia — most notably in India — which is expected to influence insurer appetite and encourage new capacity.
- Driven largely by strong insurer financial performance, the Asian market overall remains favorable, characterized by price reductions, prudent-to-flexible underwriting, and abundant capacity.
- Pockets of the market, most notably, Japan, are seeing price increases and challenging conditions, which may persist.

Headlines

Positive Developments

- Abundant capacity has supported a favorable market across Asia.
- Current conditions present opportunities to challenge existing coverages and limits.
- There is increased interest in long-term deals as clients seek risk transfer stability.

Challenging Developments

- Insurers are focused on natural catastrophes, emphasizing the need for risk modelling, especially after the Myanmar earthquake in March 2025.
- U.S. casualty exposures are facing underwriting conservatism.
- Increased prevalence of MGAs can add complexities as risk moves further away from capital providers.

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Q1 Asia Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Asia	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
China	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Hong Kong	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
India	Moderate	+1-10%	Abundant	Flexible	Increased	Flat	Broader
Japan	Challenging	+1-10%	Constrained	Rigorous	Decreased	Flat	Stable
Korea	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Singapore	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Asia Market Dynamics

Pricing

Pricing in the majority of Asia is benefiting from favorable insurer performance, leading to healthy competition as insurers seek growth. Outliers include Japan and automobile insurance across Asia. There are signs that this softening be moderating as smaller rate reductions became more common in Q1.

Capacity

Capacity is abundant, with insurer growth strategies leading to larger capacity deployment and expansion into new territories, most notably India. Capacity in Japan remains constrained as insurers focus on underwriting profitability.

Underwriting

Asia remains a buyers' market and, while still disciplined, greater flexibility in the underwriting process has been observed as insurers pursue growth.

Limits

Generally, limits are renewing as expiring; however, some clients are taking advantage of soft market conditions by reinvesting premium savings to secure higher limits, particularly on cyber and directors and officers placements. In Japan, property and casualty limits are decreasing as insurers manage their exposures and focus on profitability.

Deductibles

Deductibles are stable for most placements, but reductions are available on a case-by-case basis. Some insureds are increasing property deductibles in Japan, which are at a historically low baseline, to help mitigate rate increases.

Coverages

Coverages are generally stable, although buyers can leverage favorable market conditions to obtain coverage enhancements that will offer additional protection.

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Q1 Asia Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
Asia	Moderate	Soft	Soft	Soft	Soft
China	Moderate	Soft	Moderate	Soft	Soft
Hong Kong	Soft	Soft	Soft	Soft	Soft
India	Moderate	Soft	Moderate	Soft	Challenging
Japan	Moderate	Challenging	Challenging	Moderate	Challenging
Korea	Moderate	Soft	Moderate	Soft	Soft
Singapore	Moderate	Soft	Soft	Soft	Soft

Q1 Asia Product Trends

Automobile

Insurers continue to evaluate their appetite for automobile insurance and have been selective of risks as repair costs and increasing use of technology in vehicles continues to impact loss ratios.

Casualty

Conditions are favorable for the majority of casualty risks in Asia, although insurers are taking a disciplined approach to U.S. exposed risks.

Cyber

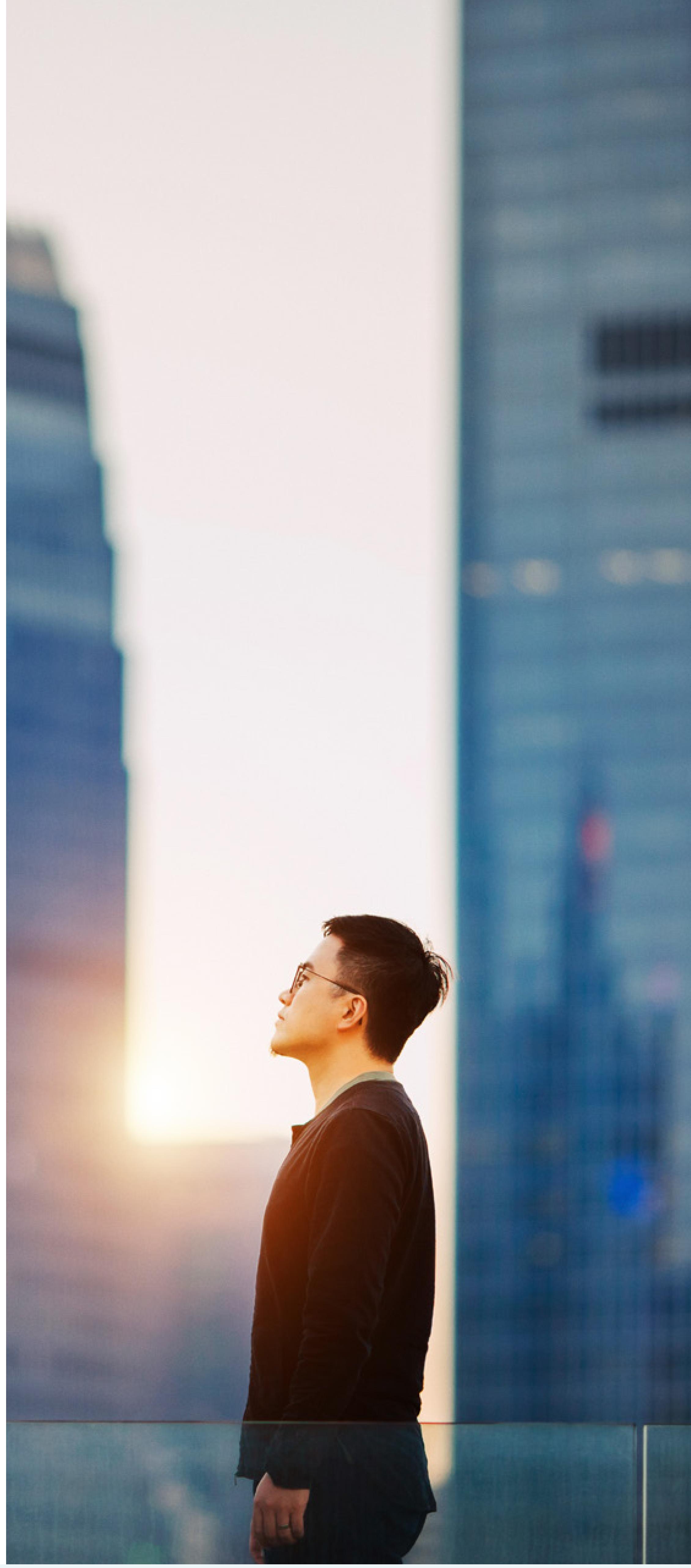
Capacity has continued to enter the market and create a competitive environment, characterized by premium savings, enhanced coverages and limit increases. Conditions in some parts of the region are more moderate as local markets continue to develop.

Directors & Officers

The market remains competitive across Asia, although the pace of rate reductions is slowing. Insurers remain cautious of U.S. exposures, cryptocurrency firms and certain ESG exposures.

Property

The property market is broadly favorable, except Japan and India where conditions are challenging due to local factors. Mid-market and non-complex risks continue to enjoy the most favorable outcomes. Natural catastrophe exposed placements, along with complex risks, are benefitting from improving market conditions, but insureds should be prepared to engage in a lengthier renewal discussion to achieve the best results.



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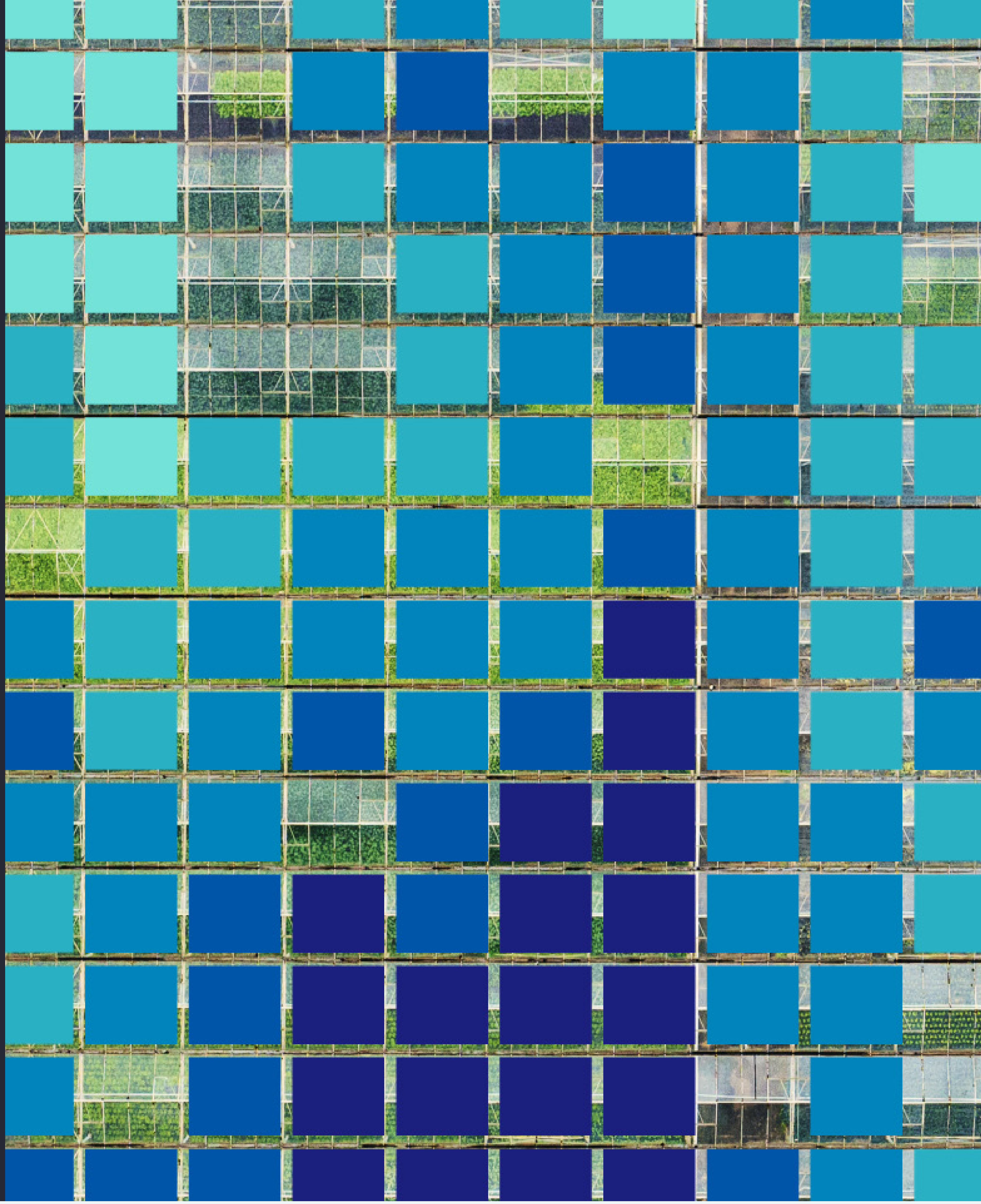
Q1 Asia Advice for Navigating the Market Environment

- Be clear on what a successful outcome looks like, and balance premium savings against coverage enhancements.
- Remarketing risks can drive an optimal outcome, with international markets providing healthy competition to local markets.
- Early and proactive go-to-market strategies, and detailed underwriting information, are key to achieving superior outcomes.
- Now is the time to consider your long-term risk strategy and market relationships. Consider entering long term agreements to create stability over multiple years.

Asia Claims Overview



Q1 Asia Claims Overview

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Clients in Asia are increasingly focusing on insurers' claims performance, providing insurers with an opportunity to differentiate themselves by investing in market leading claims service and delivering an outstanding claims experience. Insurers that embrace technology and develop talented claims professionals will be best placed to deliver on their promise to pay valid claims promptly.

Jamie Sparkes

Chief Claims Officer
Commercial Risk Solutions
Asia

Executive Summary

- A growing focus on claims performance is leading to deeper pre-loss discussion between insurers and clients on the value of claims and enables insurers to differentiate themselves through their claims value proposition.
- Insurers are increasingly using technology to drive efficiencies and reduce turn-around times, particularly for low value and simple claims, delivering an improved claims experience for insureds.
- The rising number of large and complex claims is putting pressure on claims resources, increasing the likelihood of a prolonged claims lifecycle for large and complex claims.
- The scarcity of experienced insurer claims professionals is creating more coverage and quantum issues, increasing the likelihood of disputes, and negatively impacting the claims experience for clients. Management of stakeholder expectations is key.

Headlines

Positive Developments

- Technology is improving the claims experience for low value and simple claims.
- Pre-loss claims engagement is creating opportunities to conduct loss scenario exercises.
- Client recognition of the value of claims is enabling insurers to differentiate themselves.

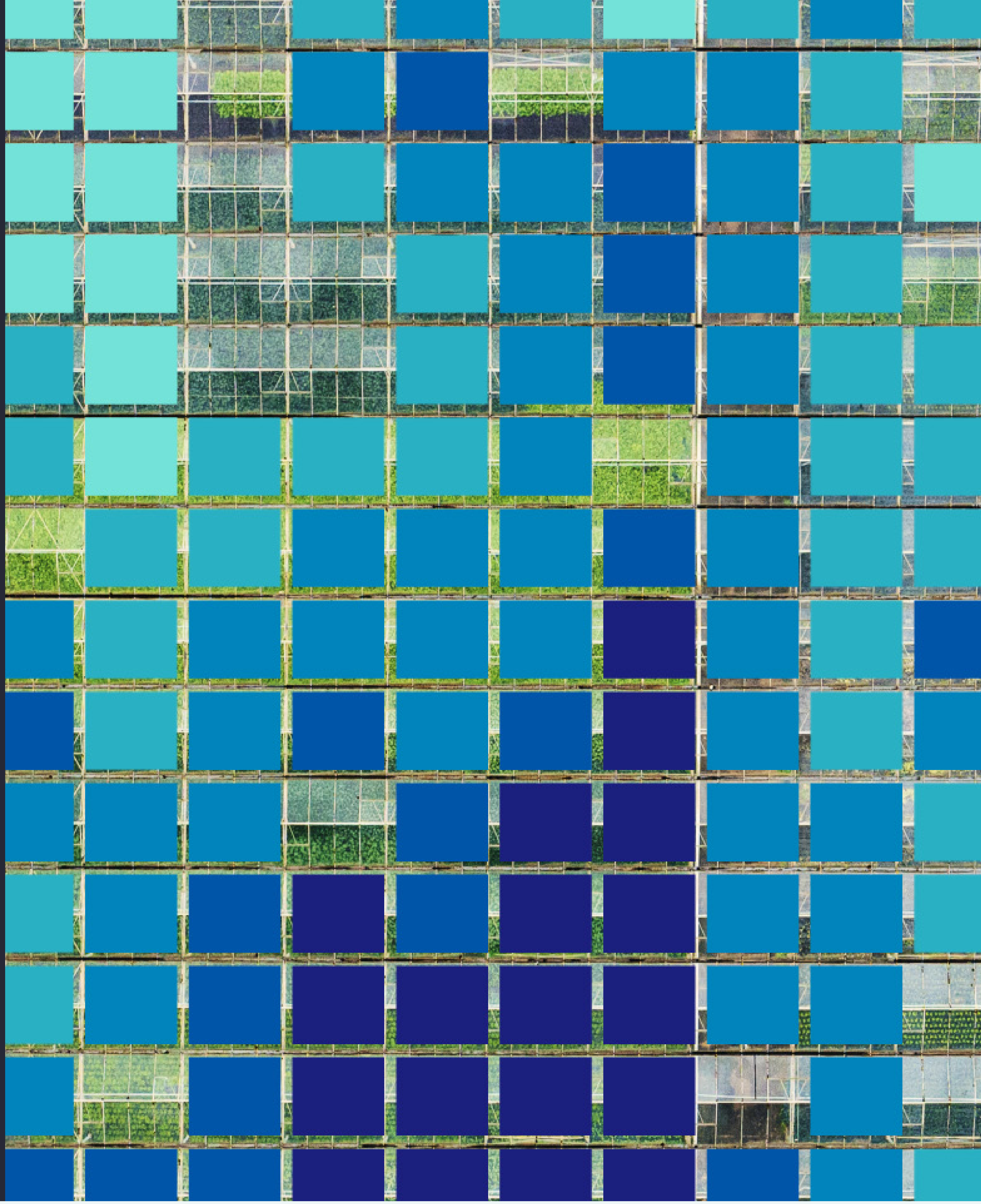
Challenging Developments

- Insurer claims resources are under pressure from the rise in large and complex claims.
- Scarcity of experienced claims professionals is creating coverage and quantum issues.
- Softening conditions is putting pressure on claims costs, exacerbating challenges with large claims.

Q1 Asia Advice for Navigating the Claims Environment

- Pre-loss, engage with your broker and insurer claims teams to understand the claims lifecycle and undertake loss scenario exercises.
- Ensure timely notification of losses incurred and claims made against you, and always discuss with your broker if you are unsure.
- For large and complex claims, establish clear lines of communication internally and externally, agree roles and responsibilities, and make sure you understand the steps needed to reach resolution.

Asia Geographic Trends



Q1 China Market Overview

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The market in China continues to soften with sufficient capacity and healthy competition for most segments and products. Preferred risks can expect to see the most aggressive pricing.

Jia Dai

Chief Executive Officer
Commercial Risk Solutions
Aon-COFCO

Executive Summary

- From 2025, large state-owned insurers in China are required to invest 30 percent of new annual premiums in A-share investments in an effort to increase equity investments. Issuance of supporting policies and regulations is in progress. This requirement is expected to bring fluctuations and possible impacts on state-owned insurers' asset valuation and solvency, which may affect underwriting appetite and polices.
- Improved profits in 2024 are expected to drive competition for preferred risks as insurers seek growth.
- Conditions in the automobile market have eased from the final quarter of last year, with generally flat pricing on Q1 renewals.

Q1 China Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Automobile	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Flat	Decreased	Stable
Cyber	Moderate	-1-10%	Ample	Prudant	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Flat	Decreased	Broader
Property	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable

Q1 China Market Dynamics

Pricing

Conditions are generally soft with modest price reductions achievable for property, casualty, cyber and directors and officers. Automobile is the main exception, with renewal pricing hovering near flat.

Capacity

Capacity is abundant for most property, directors and officers and casualty risks. Natural catastrophe exposed property risks in some geographies may experience capacity limitations.

Underwriting

Underwriting is prudent and focused on profitability. Insurers are more flexible for casualty and directors and officers where competition is greatest.

Limits

Overall, limits are renewing as expiring on most placements, although preferred risks may have the opportunity to purchase higher limits if desired.

Deductibles

Most placements are renewing with expiring deductibles, although higher deductibles are required for risks with significant loss records. Competition for casualty and directors and officers placements is leading to lower deductible levels as insureds seek to reinvest their premium savings.

Coverages

Most placements are renewing with expiring coverages; however, broader coverage is available in pockets, especially, directors and officers.

Q1 China Product Trends

Automobile

Since the start of 2025, the automobile insurance market has stabilized and is seeing ample capacity and flat pricing, following capacity constraints seen in Q4.

Casualty

Conditions in the casualty market are favorable, with flexible underwriting, abundant capacity, and increased competition for some risks. Some U.S. exposed casualty risks are experiencing a tighter and underwriting environment, with additional requirements.

Cyber

Strong competition in the Chinese cyber insurance market is creating modestly favorable conditions, with many clients experiencing pricing reductions.

Directors & Officers

The market remains highly competitive with abundant capacity and flexible underwriting. Incumbent insurers are using coverage enhancements and deductible decreases to retain business.

Property

Market conditions remain soft, with competitive pricing, particularly for preferred and well managed risks. Despite an abundance of capacity, insurers have remained generally cautious about offering higher limits or broader coverage.

Q1 Hong Kong Market Overview

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Pricing across the property and casualty markets remains highly competitive, with rate reductions commonly seen for quality risks. We are also now seeing some Chinese insurers look to grow in regional and global property program markets.

Dilys Chan

Chief Broking Officer
Commercial Risk Solutions
Hong Kong

Executive Summary

- Market conditions are buyer friendly, and broadly expected to continue, with healthy competition for well-performing risks.
- Capacity is sufficient for most lines of business, but with some constraints for property risks with natural catastrophe exposures.
- Insurers are growth focused and competition for new business is strong.

Q1 Hong Kong Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Ample	Flexible	Flat	Flat	Stable
Automobile	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-11-20%	Ample	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Property	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Hong Kong Market Dynamics

Pricing

Insurer growth ambitions have helped to drive price reductions in all major lines of business. Some pockets of less preferred and challenged risks have continued to experience flat pricing or rate increases.

Capacity

Capacity is ample for most risks while preferred risks are often over-subscribed.

Underwriting

Underwriting is generally prudent as insurers focus on profitability, although there is greater flexibility for casualty and directors and officers where competitive pressure is strongest.

Limits

Most placements renewed with expiring limits. Some clients are taking advantage of current market conditions by reinvesting premium savings into the purchase of higher limits.

Deductibles

Most placements renewed with expiring deductibles with the key exception of some poorly performing risks which continue to experience upward deductible pressure. Lower deductibles are available for well-performing risks without significant natural catastrophe exposures.

Coverages

While coverages are generally stable, softening market conditions are creating opportunities to obtain broader coverage. Long-term agreements and experience-based refunds are available.

Previous
Hong Kong Market Dynamics

Next
Hong Kong Product Trends

Q1 Hong Kong Product Trends

Automobile

Insurer growth ambitions and good claims experience, combined with the premium leverage of other lines, is supporting price reductions for most automobile placements. Insurer appetite is limited for poorly performing commercial fleet risks with only third-party coverage; such risks are experiencing challenging market conditions.

Casualty

Following five consecutive years of profitable underwriting, insurer appetite for casualty risks is strong. Growth focused insurers are competing aggressively, particularly for preferred and well performing risks. Large, complex risks with U.S. exposures, however, have continued to face a challenging market environment. Insurers continue to require broad PFAS exclusions.

Cyber

Competition in the cyber market is leading to significant price reductions, especially for preferred risks. Growth-focused insurers have expanded their appetite and are quoting risks they would not have considered a year ago; some are moving from excess positions to offer primary capacity. Capacity remains limited for certain sectors, such as infrastructure, airlines and payment processors.

Directors & Officers

Conditions remain soft, with double-digit reductions and flexible underwriting. Appetite remains limited for U.S. listed risks.

Property

The property market remains competitive, with ample capacity. Low hazard, well managed, risks with a good claims record have been achieving improved terms, while capacity and terms have continued to be restricted for placements with significant natural catastrophe exposures.

Q1 India Market Overview

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With robust premiums, investor inflows, and government initiatives, the Indian insurance market continues to expand. Abundant capacity is fostering competition and leading to favorable conditions overall, although property is challenging, with changes to the fixed pricing regime driving up pricing for clients.

Shantanoo Saxena

Chief Broking Officer
Commerical Risk, Health and Wealth Solutions
India

Executive Summary

- The proposed increase in the limit on foreign direct investment in Indian insurance companies from 74% to 100% is likely to increase participation of foreign insurers in the Indian insurance market, increasing market capacity.
- Changes to the premium tariff system has led to significant price increases, especially for fire and engineering risks, and placed an increased focus on coverage.
- Insureds are leveraging their commercial property and casualty programs to negotiate health insurance discounts as the health insurance market has emerged as a key battleground for insurers.

Q1 India Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	+1-10%	Abundant	Flexible	Increased	Flat	Broader
Automobile	Moderate	-1-10%	Abundant	Flexible	Flat	Flat	Broader
Casualty	Soft	-1-10%	Ample	Prudent	Increased	Flat	Broader
Cyber	Moderate	+1-10%	Ample	Rigorous	Increased	Increased	Stable
Directors & Officers	Soft	-1-10%	Ample	Prudent	Increased	Flat	Broader
Property	Challenging	+1-10%	Abundant	Prudent	Flat	Flat	Stable

Q1 India Market Dynamics

Pricing

Overall, pricing remained flat or modestly down, except for cyber and property, where rates have increased. Property pricing has experienced increases following recent changes to India's tariff system, which requires insurers to apply fixed pricing without an option to discount.

Capacity

Capacity in the Indian market is ample-to-abundant, with most automobile and property placements experiencing a well-capitalized market.

Underwriting

Underwriting is flexible-to-prudent for most risks; however, cyber underwriting remains rigorous, with specific information required by each insurer.

Limits

Limits are increasing across almost all lines. As organizations' understanding of liability risks and exposures is maturing, clients are seeking better protection through higher limits, and many local insurers are offering aggressive options. Some clients faced with significant price increases are exploring limit options.

Deductibles

Most placements are renewing with expiring deductibles; however, deductible increases have become more common on cyber placements. Deductible levels in India are typically high to manage frequency claims and help maintain pricing stability.

Coverages

Coverage is broadening in most lines as insureds' understanding of risk matures and claims develop. Coverage is stable for property and cyber due to the tariff market regime.

Q1 India Product Trends

Automobile

The automobile insurance market has been experiencing modest price reductions, flexible underwriting and broadening coverage. While third party liability is compulsory for all vehicles in India, first party / own damage coverage remains optional, and presents opportunities for insurers.

Casualty

The casualty market remains soft, with increasing demand due to growing risk awareness and claims development.

Cyber

Conditions in the cyber insurance market are moderate; however, as losses have increased, the market has become more conservative, characterized by rate increases, higher deductibles and more rigorous underwriting. Organizations' awareness of cyber risk and security continues to grow, presenting growth opportunities for Indian insurers.

Directors & Officers

The market is generally soft, characterized by modest price reductions and the availability of broad coverage; however, underwriting is risk-specific and outcomes vary significantly by client.

Property

Capacity in the property market is abundant; however, recent changes to India's tariff system, which went into effect on January 1, 2025, require property insurers to apply fixed pricing without the possibility of discounting, in an effort to stabilize claim ratios. Large fire and engineering risks are most affected by the reforms. The implementation of fixed premium rates is making risk differentiation difficult. Coverages will become a key differentiator for insurers. Insureds are leveraging their commercial insurance program to achieve better outcomes for health solutions, with some significant discounts achievable.

Q1 Japan Market Overview

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In contrast to most markets in the region, Japan is in a hardening phase for most of lines of business. While there are tentative signs of softening in directors and officers, we expect challenges to continue.

Shinichi Kandatsu

Head of Commercial Risk Solutions
Japan

Executive Summary

- Japan's domestic insurers continue to execute changes in underwriting policies in response to guidance from the country's insurance regulator in 2024. Such changes have resulted in capacity constraints for property and casualty lines.
- Conditions are expected to remain challenging for key lines of business in 2025, although there are some positive signs of a slight softening in the directors and officers market.
- Property risks with high limits are becoming harder to place due to capacity constraints.

Q1 Japan Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Challenging	+1-10%	Constrained	Rigorous	Decreased	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Challenging	+1-10%	Constrained	Rigorous	Decreased	Flat	More Restrictive
Cyber	Challenging	Flat	Ample	Rigorous	Flat	Flat	Stable
Directors & Officers	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable
Property	Challenging	+11-20%	Constrained	Rigorous	Decreased	Increased	Stable

Q1 Japan Market Dynamics

Pricing

The market hardening has become more pronounced in core property and casualty lines, although some softening in directors and officers is emerging. Most lines are experiencing modest price increases, while property risks are seeing more significant rate increases.

Capacity

Capacity constraints have continued, especially for property and casualty.

Underwriting

Underwriting remains disciplined, with increased rigor for cyber, as well as property and casualty, as domestic insurers focus on underwriting profitability.

Limits

Downward limit pressure is continuing and most evident on large property and casualty placements.

Deductibles

Most placements are renewing with expiring deductibles, but property insurers are reviewing deductibles levels currently viewed as too low.

Coverages

Expiring coverages are available for most placements, although restrictions are being mandated on some casualty placements, especially those with U.S. exposed risks.

3

Q1 Japan Product Trends

Automobile

The automobile market is moderate. Most placements have experienced modest increases, although superior outcomes are available for some well-performing risks. Rates for automobile property damage have continued to rise due to higher repair costs. Some insurers are no longer applying discounts for large fleets, which in many cases, has resulted in higher premiums.

Casualty

Challenging casualty conditions have continued, particularly for placements with significant U.S. exposures, as local insurers that previously offered large capacity at relatively low premiums are now looking to reduce their exposure through limit reductions.

Cyber

The cyber market remains challenging. Underwriting is rigorous, although preferred risks with strong cyber security can still achieve good terms at renewal. Risks with perceived weak cyber security or poor loss experience are facing a challenging market. International insurers remain more cautious than domestic insurers, but some have started to relax ransomware sub-limits.

Directors & Officers

The directors and officers market is moderate overall, but showing signs of easing, with some clients experiencing a slight decrease in premiums in Q1. Risks with U.S. exposures are experiencing a more challenging market environment.

Property

The Japanese property market is currently experiencing significant challenges on pricing and coverages, as the largest domestic insurers have doubled down on their actions to raise underwriting profitability. As insurers have reduced their capacity, achieving full limits on high-limit placements has become more difficult. Superior terms are still available on some risks in desirable occupancies that have a good loss history and a high deductible.

Q1 Korea Market Overview

"

The Korean market is experiencing significant softening due to intense competition and abundant capacity. This trend extends beyond traditional property and now includes heavy construction risk such as nuclear and hydro power construction.

Steve Chang

Chief Broking Officer
Commercial Risk Solutions
Korea

Executive Summary

- Market conditions remain highly competitive with local insurers offering significant rate reductions, particularly on risks with good loss ratios and no major natural catastrophe losses.
- Insureds are under pressure to reduce insurance costs as Korea's export-dependent economy faces multiple headwinds and increasing uncertainty.
- Some large and complex property risks have experienced challenging conditions due to significant price increases by international insurers (versus local insurers).

Previous
Japan Product Trends

Next
Korea Market Dynamics

3

Q1 **Korea Market Dynamics**

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Automobile	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Cyber	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Property	Soft	-21-30%	Abundant	Flexible	Flat	Flat	Stable

Q1 Korea Market Dynamics

Pricing

Rate reductions have been achievable across most major lines of business, as healthy profits from automotive and life insurance have contributed to strong insurer performance.

Capacity

Capacity remains abundant, supported by competition among Korean insurers and the softening of the international insurance market.

Underwriting

Most insurers have maintained flexible underwriting policies but are more cautious on automotive and cyber placements.

Limits

Most placements renewed with expiring limits but increases were available on well-performing risks.

Deductibles

Most placements renewed with expiring deductibles which are generally seen to be lower than international standards.

Coverages

Most placements renewed with expiring terms and conditions; however, given the buyer-friendly market conditions, broader coverage is available.

Q1 Korea Product Trends

Automobile

The automobile insurance segment faces moderate growth following rate cuts in 2024 and lower new vehicle registrations. Rate adjustments in 2022 and 2023 have helped maintain stable loss ratios.

Casualty

Overall, the casualty market is soft, with abundant capacity leading to double-digit price reductions. U.S. exposed risks and product recall have remained more challenging, with international insurers reducing capacity and increasing pricing.

Cyber

Moderate market conditions have continued as the local cyber market in Korea has gradually developed. Favorable terms are available for most Korean risks; however, appetite is narrow for bodily injury and property damage.

Directors & Officers

Despite recent political turmoil in Korea, conditions for directors and officers have continued to improve, with double-digit rate reductions in Q1. Korea remains a price-driven market, putting the emphasis on price over terms and conditions. Cryptocurrency risks are experiencing a challenging market.

Property

Abundant capacity and intense competition from local insurers has resulted in significant reductions in premiums for property. Very large property risks (sums insured in excess of $1 billion) are facing a more challenging market due to the gap in pricing between Korean insurers and the international market, with international market pricing being significantly more expensive.

Q1 Singapore Market Overview

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Buyer friendly market conditions continue, although significant auto losses in 2024 point to potential volatility in the automobile insurance market in 2025. Catastrophe-exposed property placements have remained challenging, contributing to growing interest in alternative solutions.

Lee Huang Ng

Chief Broking Officer
Commercial Risk Solutions
Singapore

Executive Summary

- Market conditions in Singapore are generally soft, particularly in areas targeted for insurer growth.
- The automobile market remains in flux as major insurers evaluate next steps in response to losses in 2024.
- A competitive cyber market has paved the way for clients to purchase increased limits, lower deductibles, and broader coverage at renewal.

Q1 Singapore Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Ample	Prudent	Increased	Decreased	Broader
Directors & Officers	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Property	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable

Q1 Singapore Market Dynamics

Pricing

With the exception of automobile, which is seeing modest price increases, the major lines of business are experiencing reductions, with the largest decreases seen in directors and officers.

Capacity

With new insurers entering the market over the past 12 months, capacity is now ample-to-abundant.

Underwriting

While insurers are competing for growth, underwriting remains disciplined, especially for more complex risks. Poorly performing and difficult-to-place-risks are experiencing rigorous underwriting with some insurers opting to decline or reduce their shares of such risks.

Limits

Limits are generally renewing as expiring, with the key exception of cyber, where buyers are able to reclaim limits lost during the hard market.

Deductibles

Deductibles are generally renewing as expiring, with the key exception of cyber, where buyers are reinvesting their premium savings to restore lower deductibles that were raised during the hard market.

Coverages

Coverages are generally renewing as expiring, with the key exception of cyber, where buyers are reinvesting their premium savings to enhance and broaden their coverages.

Q1 Singapore Product Trends

Automobile

The automobile market environment is generally moderate; however, major insurers experienced poor performance in 2024 which could impact market conditions in 2025. A small number of insurers are demonstrating flexibility as they seek growth. Commercial fleets with high losses are experiencing a challenging environment, including rigorous underwriting.

Casualty

Casualty is transitioning to a soft market. Flat renewals can be achieved, even with increases in turnover. Long-term agreements have become available as insurers relax their underwriting. Underwriting remains prudent, in particular, for U.S. exposures, product recall, and financial loss. PFAS exclusions are now the default position for many insurers, although some underwriters will consider removing them where sufficient underwriting information is provided.

Cyber

Buyer-friendly conditions continue, fueled by strong competition and ample capacity. Pricing has remained modestly down, and competition is creating options for buyers to increase limits, reduce deductible levels, and broaden coverage. Cyber underwriting remains cautious and focused on robust controls, and smaller firms with strong cyber security are enjoying healthy appetite and broad terms. Cryptocurrency risks are facing an increasingly challenging market environment. Insurers and insureds alike continue to actively work to enhance cyber controls, focusing on cyber impact analysis data and establishing breach response plans.

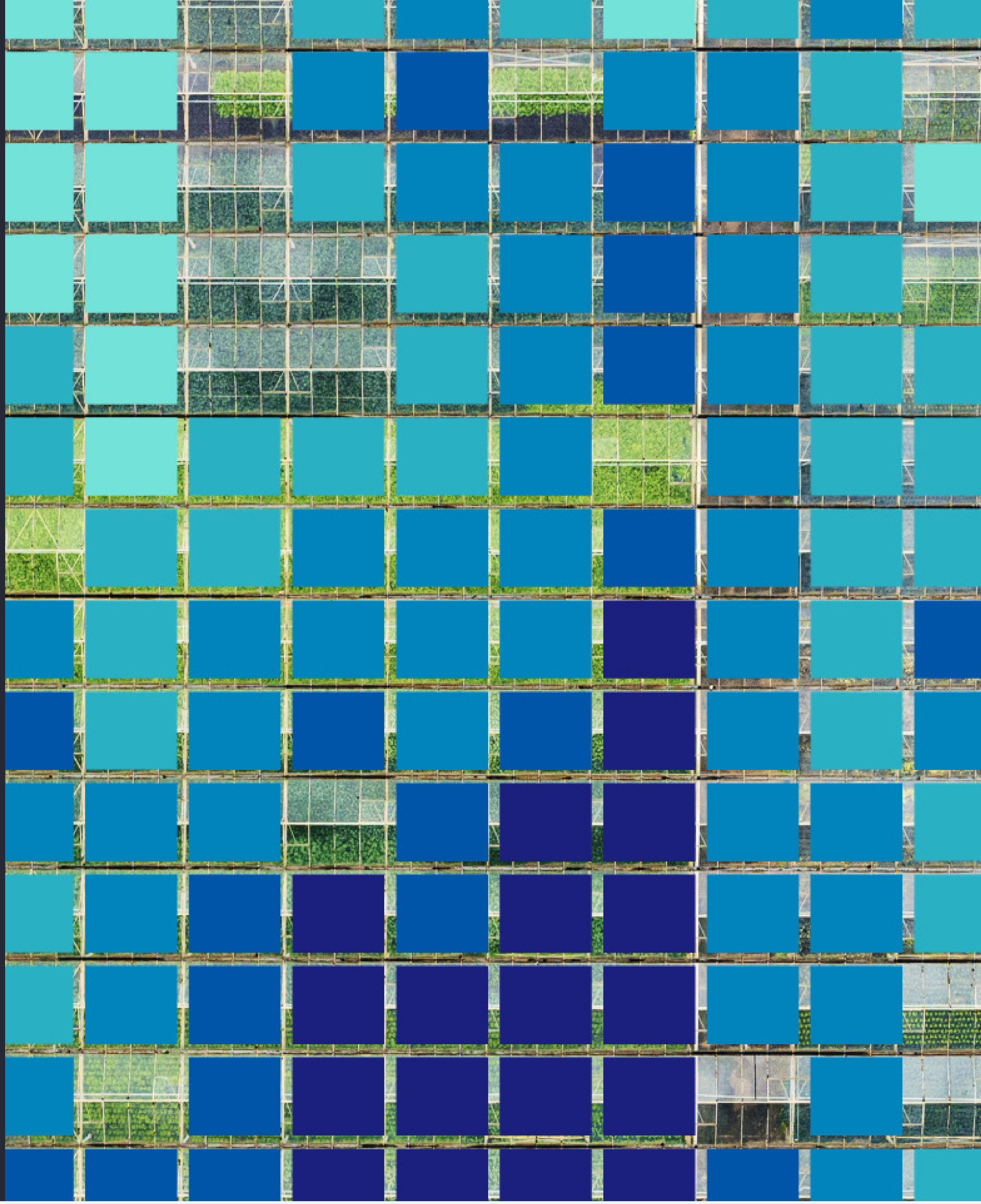
Directors & Officers

Insureds continue to enjoy a competitive environment with broader coverage and, in some cases, significant premium savings. Despite a broadly buyer-friendly market, insurers have remained cautious of U.S.-listed companies, cryptocurrency firms and insureds with certain ESG-related exposures.

Property

The trend toward soft market conditions that started in late 2024 continued into Q1 2025, driven by increased capacity and competitive pricing, especially for preferred risks. Higher risk occupancies, catastrophe-exposed risks and loss-exposed risks, however, have continued to face challenges with pricing and terms in Q1. Alternative risk transfer mechanisms have gained traction as a result of challenges in procuring traditional cover for catastrophe-prone areas.

EMEA Market Overview



Q1 EMEA Market Overview

Insurer growth targets and new market entrants have created a competitive and stable market across EMEA.

Terence Williams

Chief Broking Officer
Commercial Risk Solutions
EMEA

Executive Summary

- The market across EMEA remains broadly stable, but with plentiful capacity and competition driving softening in some geographies, products, industries and for well-managed risks.
- Market conditions vary significantly by industry and product; directors and officers and cyber are soft, while conditions are more challenging for automobile, U.S.-exposed casualty, complex property and natural catastrophe risks.
- Geopolitical developments are creating an uncertain trading environment, although potential peaceful settlements to conflicts in Ukraine and the Middle East would have wider positive economic and insurance implications.

Headlines

Positive Developments

- Capacity is abundant for preferred property risks, cyber and directors and officers.
- Market softening is creating opportunities to improve limits and coverages.
- Peace in Ukraine and the Middle East could ease coverage restrictions.

Challenging Developments

- Scrutiny is increasing around natural catastrophe coverage.
- Property capacity deployment for higher-exposed occupancies remains conservative.
- Insurers are reducing their appetite for automobile and U.S.-exposed casualty risks.

Q1 EMEA Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
EMEA	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable
D-A-CH	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
France	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable
Iberia	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Italy	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Middle East	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Netherlands	Moderate	Flat	Abundant	Flexible	Increased	Flat	Stable
Nordics	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable
South Africa	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Turkey	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
United Kingdom	Soft	-11-20%	Abundant	Flexible	Increased	Flat	Stable

Q1 EMEA Market Dynamics

Pricing

Driven by strong market capacity, Q1 pricing was favorable although price reductions have slowed pace from previous quarters. Directors and officers, cyber and casualty are experiencing the most buyer friendly conditions. Property pricing is moderate overall, but some risk types with natural catastrophe losses and in specific industries are experiencing a more challenging environment. Automobile, where rates have generally increased, remains the main exception to the favorable Q1 market pricing trends.

Capacity

Bolstered by new entrants, capacity is generally ample-to-abundant across the region. However, natural catastrophe property, auto and U.S.-exposed casualty risks have faced restrictions, particularly in geographies where insurers are looking to limit their exposure.

Underwriting

Underwriting across EMEA remains disciplined overall, with increasing scrutiny and rigor for challenging risks, including automobile and U.S.-exposed casualty. Intense competition, however, is also leading insurers to be more flexible in areas targeted for growth, and especially where detailed, quality risk information is provided.

Limits

Most policies are renewing with expiring limits; however, some insureds are opting to reallocate premium savings to purchase limit increases, particularly for cyber and directors and officers placements, where insurers implemented portfolio decreases during the previous hard market. Limits are under pressure for U.S. casualty and natural catastrophe property risks in the Middle East.

Deductibles

Most policies are renewing with expiring deductibles, although lower deductible levels are available for well-performing risks, including cyber and directors and officers placements. Higher deductibles are being required by insurers for certain lines, namely automobile, poor-performing property risks, and for natural catastrophe exposures in some loss-impacted markets.

Coverages

Coverages are generally stable, although broadening options are available, particularly when insurers are using coverage as a differentiator to win or retain business. Restrictions have continued to be applied for certain risks, including natural catastrophes in some geographies for property, and U.S. exposures and PFAS for casualty. Ongoing political events remain an issue, although a peace agreement in Ukraine and the Middle East could lead to an easing or removal of certain relevant coverage restrictions.

Q1 EMEA Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
EMEA	Moderate	Moderate	Soft	Soft	Moderate
D-A-CH	Challenging	Moderate	Soft	Soft	Moderate
France	Challenging	Moderate	Soft	Soft	Moderate
Iberia	Challenging	Soft	Soft	Soft	Soft
Italy	Challenging	Soft	Moderate	Soft	Moderate
Middle East	Moderate	Moderate	Soft	Soft	Challenging
Netherlands	Moderate	Moderate	Soft	Moderate	Moderate
Nordics	Not Applicable	Moderate	Soft	Soft	Moderate
South Africa	Moderate	Moderate	Soft	Moderate	Moderate
Turkey	Soft	Moderate	Soft	Soft	Moderate
United Kingdom	Moderate	Soft	Soft	Soft	Soft

Q1 EMEA Product Trends

Automobile

The automobile market remains challenging across many parts of the EMEA region. Large fleets, in particular, can be difficult to place, as capacity is constrained, and appetite limited. In some regions, however, insurers are starting to show signs of expanded appetite for smaller motor fleets (fewer than 150 vehicles). High repair costs for electric vehicles and significant bodily injury claims have led to increased loss ratios and price increases across large portions of the market. At the same time, rising claims frequency is driving higher deductibles, although limits are unchanged. Some insurers are imposing risk management controls, for example, making telematics a prerequisite for the provision of cover.

Casualty

Driven by new market entrants and insurer growth ambitions, the casualty market for non-U.S.-exposed clients is soft, with flexible underwriting and significant price reductions in many countries across the region. In contrast, U.S.-exposed risks have been experiencing rigorous underwriting, rate and deductible increases, and reductions in capacity, driven by social inflation concerns. Underwriters are focused on PFAS exposures, with exclusions common and detailed underwriting information required to buy-back cover.

Cyber

Pricing for cyber continues to soften, despite increasing claims frequency, poor loss development, and widespread loss events like the CrowdStrike outage. Ample capacity and competition in the market are leading to more flexible underwriting, downward pressure on retentions and waiting periods, and opportunities to secure higher limits and broader coverage. As the threat landscape continues to evolve, Aon continues to work with insurers to expand and differentiate their coverage terms. For example, Aon has established a panel of preferred insurers in EMEA to help drive coverage innovation. There is growing client interest in long term agreements, which offer stability in the face of potential cyber market volatility stemming from soft conditions combined with uncertain loss trends.

Directors & Officers

The directors & officers market - driven by a benign claims environment and optimism that new initial public offerings will create opportunities for insurers - is characterized by competitive pricing, abundant capacity, and opportunities to increase limits. Given current attractive premium rates, a growing number of clients are exploring long term agreements as they seek stability after a prolonged period of market volatility. With rate reductions decelerating, insurers are competing now on coverage and wording enhancements. Limit and deductible reinstatements are also on the agenda for some insureds seeking to take advantage of current market conditions by reinvesting premium savings.

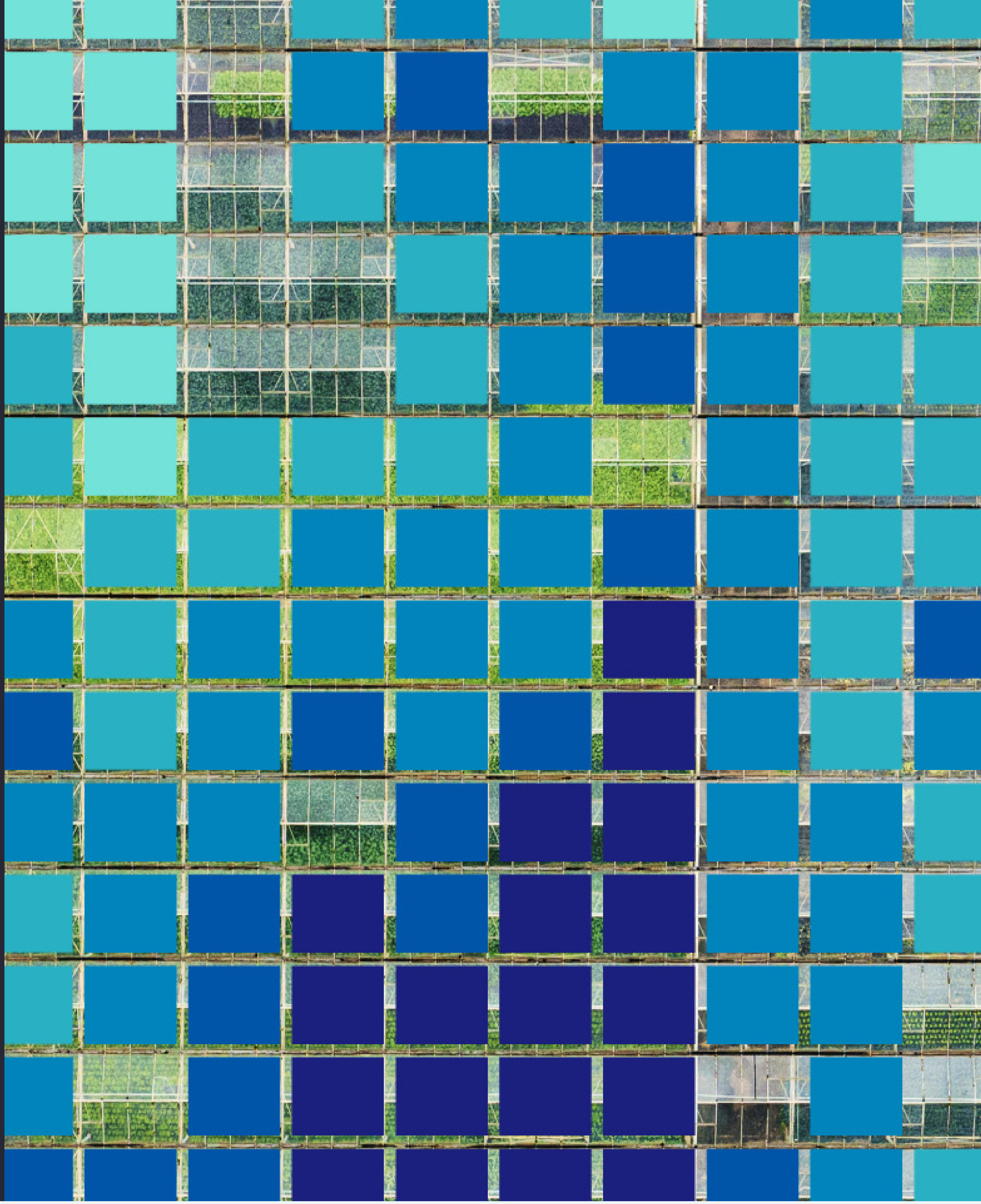
Property

Overall, the property market in EMEA continues to soften, with certain parts of the region, including the London market, seeing consistent rate reductions. Insurers are generally looking to grow, and new entrants are creating increased competition in local markets. However, this is not the case for all placements. Clients in higher risk industry groups and those with larger natural catastrophe exposures have faced greater scrutiny and a more challenging market overall.

Q1 EMEA Advice for Navigating the Market Environment

- Start the renewal process and engage insurers early. Quality risk information remains key to successful renewals, so prepare detailed, accurate, fact-based information using data and analytics and other available tools. Have a contingency plan for U.S. casualty.
- Ensure that your risk program and coverages have adapted to your evolving needs and reflect inflationary adjustments. Explore alternative risk transfer solutions. For more competitive lines like directors and officers, cyber and casualty, consider coverage enhancements and/or adjustments to limits.
- Ensure property programs sufficiently address natural catastrophe exposures. Demonstrate proactive risk management, business continuity plans, and loss mitigation measures you are taking.
- Review the suitability of long-term agreements with certainty in mind, especially where pricing is currently favorable and in markets prone to volatility, such as cyber and directors and officers.

EMEA Claims Overview



Q1 EMEA Claims Overview

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The EMEA region experienced a number of extreme weather events in 2024, with the hottest summer on record causing extensive forest fires, and extreme flooding events in Valencia, Germany, Central Europe and South Africa. Indications point to this trend continuing. In addition, we foresee cyber and collective redress actions across the region adding stress points for our clients in the years ahead.

Martin Thomas

Global Lead of Claims Dispute Resolution and Interim EMEA Head of Claims
Commercial Risk Solutions

Executive Summary

- The last four years are among the ten highest on record for annual economic losses related to severe weather and extreme climate related events. Such events show no sign of abating and could intensify further.
- Collective redress actions across the EU continue to grow at pace, especially in member states that have adopted the opt out approach, including Portugal, Netherlands and Germany.
- Ransomware is expected to dominate the cyber landscape, but law enforcement crackdowns and the potential criminalization of ransom payments could see bad actors turn to other methods, including business email compromise attacks and website spoofing. AI deep fakes are also creating increased risks to voice and facial recognition defenses.

Headlines

Positive Developments

- AI is presenting opportunities to reduce the claims life cycle and improve cashflow.
- Analytics and loss data together creates actionable mitigation advice.

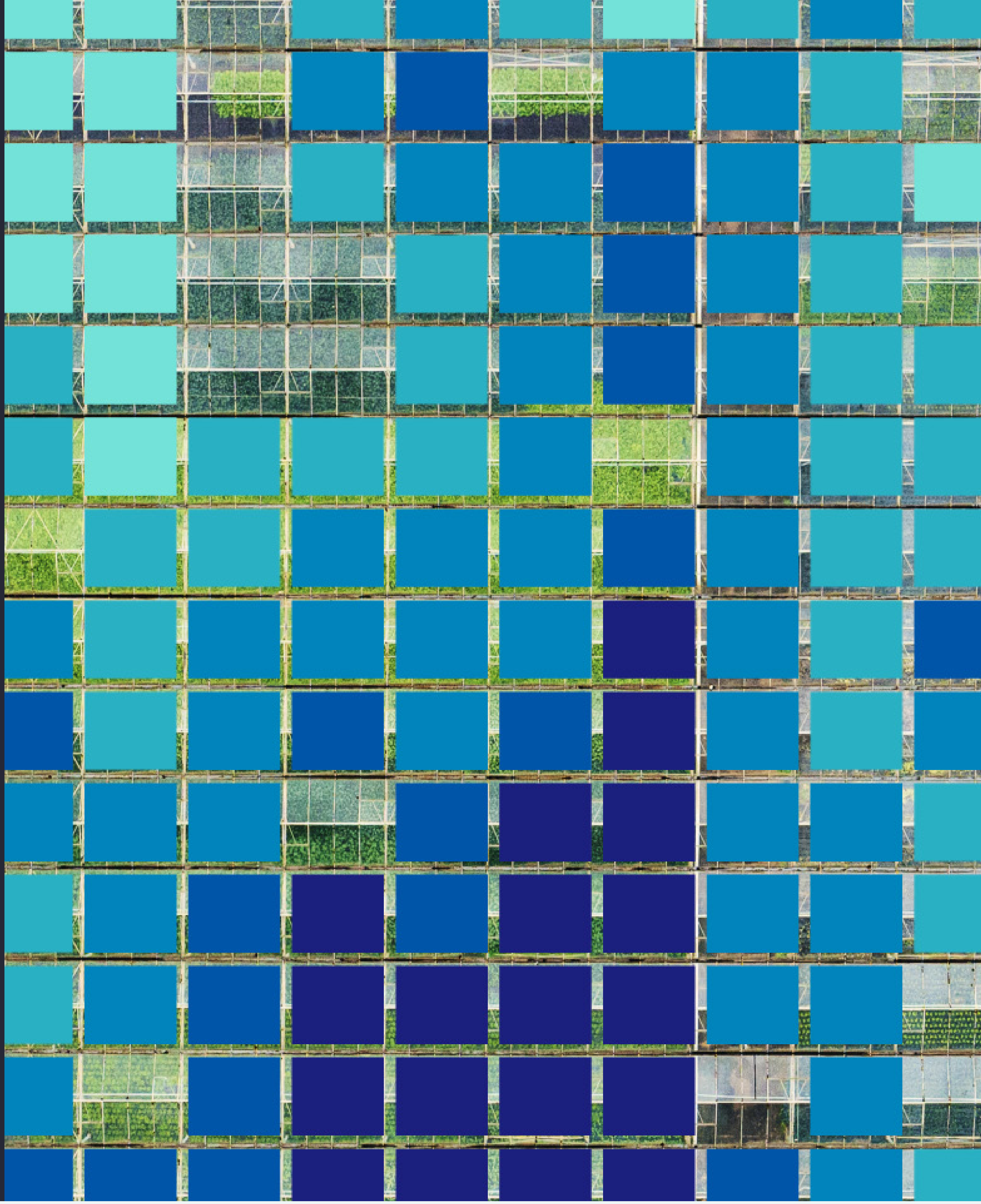
Challenging Developments

- AI may create new threats and make cyberattacks more efficient and impactful.
- Revised EU product liability directive will increase access to redress.
- Expansion of collective redress in Europe likely to impact future liability claims.

Q1 EMEA Advice for Navigating the Claims Environment

- When selecting an insurance partner, consider their claims culture, client experience and their willingness and ability to meet your needs in the event of a loss.
- Make sure you understand and can meet your policy obligations to identify, and timely report, claims or circumstances to insurers.
- Consider loss scenario testing of your policies with your broker and insurer partners.

EMEA Geographic Trends



Q1 D-A-CH Market Overview

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There was little change in the insurance market in the first quarter. Directors and officers and cyber continued to soften, but for major lines of business, the environment remained difficult for clients in certain industries and those with high U.S. exposures.

Hartmuth Kremer-Jensen

Chief Broking Officer
Commercial Risk Solutions
D-A-CH

Executive Summary

- Insurers are keen to grow, yet conscious of the changing risk landscape. It remains to be seen how claims/risks trends will affect the market softening trend.
- Growing competition is leading to moderate-to-favorable conditions for preferred risks, yet certain sectors and U.S. exposed casualty remain challenging. A tougher operating environment is pressuring insurance budgets.
- Natural catastrophe coverages are likely to come under renewed scrutiny at future renewals following recent losses globally (e.g., 2024 Hurricanes Helen and Milton in the U.S., 2024 earthquake in the Noto Peninsula, Japan), as well as locally (e.g., flood events in 2024 in Germany and Austria). Natural catastrophe events leading to losses that exceed the available global property capacity are expected to continue, with reinsurers and primary insurers continuing to be cautious in their approach to the allocation of respective natural catastrophe capacities.
- Cyber and directors and officers have continued to soften, although uncertainty around claims and the geopolitical/economic environment may point to potential market volatility ahead.

Q1 D-A-CH Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Challenging	+11-20%	Ample	Prudent	Flat	Flat	Stable
Casualty	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Broader
Directors & Officers	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Property	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable

Q1 D-A-CH Market Dynamics

Pricing

Premiums are broadly moderate to slightly lower, except for automobile where rates have been increasing across the DACH region. Cyber and directors and officers continue to soften, while Austria is also seeing some reductions in casualty.

Capacity

Established insurers are increasing their risk appetite for preferred risks, while new entrants to the DACH market are providing additional competition. Overall capacity is ample but is constrained in pockets of property and for U.S. exposed casualty risks. Capacity is abundant for cyber and directors and officers, as well as Austria's property and Germany's casualty markets.

Underwriting

Overall, underwriting is prudent, but greater flexibility is seen for cyber and directors and officers. Despite a more competitive market in Germany, underwriting is more diligent than in the past, while in Switzerland underwriters require more risk information for PFAS and U.S. casualty exposures.

Limits

Limits across the DACH region are predominantly stable, although increasing for some lines of business, most notably, cyber.

Deductibles

Most placements are renewing with expiring deductibles; however, decreases are available on select, well performing risks.

Coverages

Most placements are renewing with expiring coverages; however, there are discussions around restrictions for natural catastrophes and U.S. casualty. There is an increasing tendency towards price moderation. Loss prevention, e.g., flood protection, in addition to classic fire prevention measures, are important underwriting considerations. Clients with gaps in prevention and difficult business classes face a challenging market, with limited appetite, higher deductibles and/or restrictions of cover for certain premises or geographies as well as exclusions for specific perils like flood. In addition to natural hazard risk environment, the geopolitical environment and the adequate assessment of contractually agreed limits has played a significant role in underwriting. While cyber coverage is broadening, systemic risk remains a top concern for underwriters, some of whom are seeking to restrict coverage offered for critical infrastructure, systemic and/or correlated events.

Q1 D-A-CH Product Trends

Automobile

The automobile market across the DACH region has continued to experience double-digit price increases in Q1, building on rate increases from 2024. Capacity is ample, although conditions are more restrictive for poor performing fleets, heavy goods vehicles and/or those carrying hazardous goods.

Casualty

The casualty market is moderate overall, but with growing competition across the DACH region. Insurers are demonstrating increased appetite for casualty and are keen to grow. Capacity and underwriting for complex risks, such as automotive and pharmaceuticals, and those with U.S. exposures, remain more restrictive. Insurers are requiring robust underwriting information on U.S. casualty exposures and PFAS. Long-term agreements are available.

Cyber

Overall, the cyber market remains buyer friendly. Competition is strong, particularly for excess layers, resulting in further reductions in premiums and opportunities to purchase higher limits and broader coverage, especially for risks that demonstrate above average cyber security. The combination of market softening and loss uncertainty may create a volatile cyber market in coming years, so identifying a long-term insurer that has a proven track record of paying claims and that is willing to customize policy wording to address individual exposures is critical.

Directors & Officers

Despite some headwinds, the directors and officers market continued to soften, with double-digit reductions available at renewals. While conditions in the DACH region are expected to remain favorable for 2025, the D&O insurance market faces an increasingly complex and dynamic environment, with geopolitical instability, regulatory pressures and growing concerns around ESG factors. For Germany, companies at higher risk of insolvency and those in challenging sectors like construction, have typically been subject to capacity constraints and more restrictive terms and conditions.

Property

The property market is moderate overall, with increasing competition for preferred risks and those with improved risk quality. Pricing has been generally flat, although the most sought-after risks have been able to achieve modest reductions. The market for poor quality risks remains very limited and chemical, pharmaceutical, recycling, food processing and heavy industries have continued to face rate increases and capacity reductions, and potentially higher deductibles. Following global and local events in 2024, natural catastrophe exposures are likely to become more challenging at future renewals across the region. Climate change and the resulting increase in damages from natural hazards has resulted in scrutiny of capacities in the Nat Cat area. (Capacities are determined not by fire risk but by natural hazard exposures.) However, the reaction to these risks varies. In some cases, capacity management is reflected in structured retentions; in other cases, a simple reduction in the maximum losses is offered. Long-term agreements have been offered by some, but not all, insurers.

Q1 France Market Overview

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As the market becomes more favorable for well-managed large risks, certain sectors and regions continue to face significant challenges. Conditions are still somewhat erratic; globally softer but with diverse pricing and terms by segment, line of business, business and insurer. However, bolstered by strong competition, insurers show significantly more appetite and are keener to have discussions than during Q4'24.

Gaelle Gueneret

Chief Broking Officer
Commercial Risk Solutions
France

Anne Magnan

Chief Broking Officer
Commercial Risk Solutions
France

Executive Summary

- Property market conditions continue to improve as insurer appetite expands, bolstered by new entrants to the French market competing for lead positions on programs.
- The impact of major losses globally – both natural catastrophes in property and massive verdicts for U.S. casualty – are likely to influence insurers' profitability and risk analysis and therefore the market trajectory over coming quarters.
- Despite a more buyer-friendly insurance market, investment in loss prevention and accurate data collection can make a difference to renewal outcomes.

Q1 France Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable
Automobile	Challenging	+1-10%	Ample	Rigorous	Decreased	Increased	More Restricitve
Casualty	Moderate	Flat	Abundant	Prudent	Decreased	Flat	Stable
Cyber	Soft	-21-30%	Abundant	Prudent	Increased	Decreased	Broader
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Flat	Decreased	Broader
Property	Moderate	-1-10%	Abundant	Flexible	Flat	Flat	Stable

Q1 France Market Dynamics

Pricing

Pricing reductions have continued as insurers seek growth across all major lines of business, with the exception of automobile, where conditions remain challenging.

Capacity

With new players having entered the market, capacity is generally abundant, with the key exception of automobile, where capacity is sufficient, but not abundant.

Underwriting

Overall, underwriting is prudent, but there is strong demand for robust and accurate underwriting information. Automobile is more rigorous, particularly for short-term rental, goods transport and passenger transport risks.

Limits

Limits are mostly stable, with the notable exceptions of automobile, U.S.-exposed casualty and professional indemnity, where they have tended to decrease. The competitive market for cyber is creating options to use premiums savings to purchase increased limits.

Deductibles

Deductibles for property and casualty are typically renewing as expiring. Deductible increases have been mandated for automobile risks, where claims inflation remains elevated. Deductible reductions are available for cyber and directors and officers.

Coverages

Most placements renewed with expiring coverages; however, enhancements are available for cyber and directors and officers.

Q1 France Product Trends

Automobile

The French automobile insurance market is experiencing significant shifts, primarily influenced by rising repair costs and an increase in claims. Although most insurers have now concluded their portfolio pruning exercises, automobile remains challenging, with no end in sight. While there are signs of growing insurer interest in small motor fleets (less than 150 vehicles), fleets with exposure to short-term rental, goods transport and passenger transport continue to experience capacity constraints.

Casualty

Overall, the casualty market is characterized by growth, despite challenges, with insurers adapting through strategic pricing, operational improvements and enhanced risk management requirements. Market conditions are moderate for non-U.S. exposed casualty in France. Coverage remains broad and capacity ample-to-abundant, except for programs with limits in excess of €500m. Placements with significant U.S. exposure are likely to face capacity constraints and premium increases, and full program limits may not be available. Unfavorable loss experience and specific industries can also be challenging.

Cyber

The softening trend observed at the end of last year continued into Q1 2025, with double-digit pricing reductions and broader coverage available at renewals. Most clients are seeing improved conditions, although there has been limited appetite in the market for subsidiaries with IT systems integrated with group entities. Clients in France are benefiting from Aon's preferred insurer panel, which provides access to enhanced coverage, and Aon's broking platform (CyQu), and faster access to capacity.

Directors & Officers

Conditions for directors and officers remain soft, with abundant capacity, broad coverage and lower deductibles. Pricing reductions are still the norm, but with growing signs of moderation. Insureds with high U.S. exposures face more stringent underwriting, although conditions remain positive overall. Long term agreements of up to 3 years duration are available in the market.

Property

The property market is finding a new normal after several years of hardening. New market entrants, targeted insurer growth initiatives, and increased competition are enhancing conditions for preferred risks with comprehensive underwriting information. Modest decreases have become the norm, while oversubscription and significant rate reductions have been observed for the most attractive risks. Long-term agreements ranging from 2 to 3 years are now available, offering fixed terms and conditions. Higher hazard sectors, such as food, waste and pulp/paper face stricter terms and conditions, particularly where there is natural catastrophe exposure.

Q1 Iberia Market Overview

> The market softening accelerated in the first quarter and we expect this to continue, with the exception of automobile and U.S. casualty, which remain very challenging.

Agustin Espinosa de los Monteros

Chief Broking Officer
Commercial Risk Solutions
Spain

> Buyer-friendly conditions are gaining momentum in property, where new players and established insurers' growth ambitions are helping to drive competition. Some clients are taking advantage of more favorable conditions to increase limits or negotiate improved terms and coverage.

Alexandre Tesoni

Chief Broking Officer
Commercial Risk Solutions
Portugal

Executive Summary

- Established insurers have ambitious growth plans for 2025, while new players are entering the Iberian market, helping to drive pricing competition and flexible underwriting in all lines, except automobile and worker's compensation.
- Insureds are using premium savings afforded by soft market conditions to recover limits and coverages lost during the hard market.
- The directors and officers and cyber markets are starting to moderate. Steep reductions have been replaced with small discounts or flat pricing.

Q1 Iberia Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Automobile	Challenging	+1-10%	Constrained	Rigorous	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Broader
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Property	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable

Q1 Iberia Market Dynamics

Pricing

Soft market pricing is common across all lines of business, except automobile, which has continued to experience significant rate increases.

Capacity

New entrants, combined with established insurers seeking growth, are creating a well-capitalized market. Lead positions are being challenged by insurers now looking to lead programs.

Underwriting

Underwriting is flexible for quality submissions, although it remains prudent for automobile.

Limits

Clients are restoring limits lost during the hard market, and in some cases using premium savings to buy higher limits where needed.

Deductibles

Deductibles remain stable in general, although some clients are reviewing retention levels and total cost of risk scenarios.

Coverages

Coverages remain stable, with the notable exception of cyber, where broader coverage can be negotiated in competitive situations. There are also growing opportunities to extend coverage for directors and officers on a case-by-case basis. PFAs remain a common exclusion in casualty placements.

Q1 Iberia Product Trends

Automobile

The automobile market is challenging in Spain, where poor accident results have led to double-digit price increases for large fleets. Appetite for new business is limited, and some insurers have withdrawn from the market. In Portugal, automobile conditions overall are moderate with prudent underwriting and flat to single-digit price increases; however, poor performing risks and high exposure fleets (e.g., heavy vehicles or passenger transportation) are experiencing limited appetite and more significant price increases.

Casualty

Market conditions are soft, especially for loss-free risks without significant U.S. exposure. With new entrants in the market, more capacity is being deployed under very competitive terms. Some risks where capacity was constrained are benefitting from improved capital availability, although offshore energy exposures continue to face challenges in the Spanish market. Exclusions for PFAS are now common, although exclusionary terms vary by insurer.

Cyber

Conditions in cyber remain soft, with new players continuing to enter the market, driving increased competition. As a result, capacity is increasing, coverage is broadening, and premiums are reducing. Best-in-class risks are seeing improved terms and options to enter long term agreements. Public authorities and healthcare risks are experiencing some challenges, although appetite is starting to strengthen for these risks.

Directors & Officers

After pricing volatility in recent years, the directors and officers market has stabilized. Capacity remains abundant, but price decreases are decelerating. The market remains competitive, but there is a growing awareness of the need for moderation. While modest discounts are still available, many placements are renewing as expiring. Insurers are generally willing to consider extending coverage, offering long term agreements, adapting wordings and/or increasing capacity, on a case-by-case basis. Financial institutions continue to face a more challenging market.

Property

The trend for property rate reductions seen at year-end has gained momentum and has become firmly established in the market, especially for low hazard occupancies, as well as risks with good claims experience, risk investment and improvement plans, and quality engineering information. There are signs of softening for natural catastrophe exposed risks as well. Appetite for heavy occupancies, such as paper, pulp, and wood, recycling, mining, and food, remains limited. Capacity is also more constrained for risks that are poorly protected or without engineering information. Detailed probable maximum loss (PML) calculations are increasingly required for challenging risks.

Q1 Italy Market Overview

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The Italian insurance market continues to transition as insurers focus on achieving profitable growth. Extreme weather events in 2023 still cloud the property insurance market, albeit to a lesser extent than last year, and mostly for small and medium sized enterprises. The attention now turns to Italy's mandatory natural catastrophe coverage which, having been delayed, was introduced from March 31 this year.

Alessandro Alfieri

Chief Broking Officer
Commercial Risk Solutions
Italy

Executive Summary

- Overall, conditions in the Italian insurance market are moderate, with increasing competition for casualty, cyber and directors and officers. Automobile and U.S.-exposed casualty risks remain more challenging.
- Natural catastrophe exposures remain a key area of focus for the property market. Insurer profitability has continued to affect the market for small and medium-sized businesses, resulting in revised terms and conditions and more conservative capacity deployment.
- Companies with legal headquarters or a permanent establishment in Italy are required to be insured against property damages directly caused by natural disasters from March 31st, 2025 onwards. A surge in demand for natural catastrophe capacity is expected for Q2'25 onwards as current uninsured companies are subject to mandatory coverage.

Q1 Italy Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Challenging	+21-30%	Ample	Rigorous	Flat	Increased	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Cyber	Moderate	-1-10%	Ample	Prudent	Increased	Flat	Stable
Directors & Officers	Soft	-1-10%	Abundant	Prudent	Increased	Flat	Broader
Property	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Italy Market Dynamics

Pricing

Pricing varies by line of business but is moderate overall. Property risks continued to experience single-digit increases, while automobile remained challenging with double-digit rates hikes. Casualty, directors and officers, and cyber markets are increasingly competitive.

Capacity

Overall, capacity is ample, but soft market conditions across directors and officers and casualty have led to an abundance of capacity in these markets. Property capacity remains sufficient, although insurers are looking to manage volatility and natural catastrophe exposures.

Underwriting

Underwriting remains disciplined but becoming more flexible for casualty and directors and officers due to increasing competition. More challenging segments, such as automobile and U.S. exposed casualty are under increasing scrutiny and are facing greater underwriting rigor.

Limits

Higher limits are available for competitive lines of business, such as casualty, directors and officers and cyber. For U.S.-exposed casualty risks, some buyers are considering options to manage the challenging conditions. For non-U.S. exposed casualty, cyber and directors and officers, higher limits are available.

Deductibles

Most placements are renewing with expiring deductibles, with the notable exception of automobile, where a surge in higher accident frequency and rising claims costs due to natural catastrophe events, inflation, and supply chain challenges have caused insurers to require higher deductibles.

Coverages

Overall, coverages are stable, although insurers are applying PFAS exclusions in casualty.

Q1 Italy Product Trends

Automobile

Market conditions are challenging, driven by both rising accident frequency and increasing claims costs due to natural catastrophe events, inflation, and supply chain challenges. Deductible increases are being required, along with significant price increases.

Casualty

Conditions for non-U.S. exposed casualty risks continue to soften, driven by abundant capacity and market competition. Risks with significant U.S. exposures are subject to greater scrutiny, with some insureds exploring limit and deductible options in response to rate increases.

Cyber

The cyber market is becoming more favorable as insurers look to retain business and potentially expand their participation. A growing number of insureds are using premium savings to purchase additional limits. Underwriting remains prudent, and risk differentiation remains key.

Directors & Officers

Capacity for directors and officers risks remains abundant, with new insurers having entered the market. Although rate reductions have slowed, pricing remains competitive and improved wordings can be achieved. Some programs have renewed with long term agreements.

Property

Overall, the property market is applying a more flexible approach to underwriting and pricing as insurers focus on profitable growth. Preferred risks with detailed underwriting information are achieving favorable terms, including some rate reductions. Middle-market clients are experiencing more challenging conditions following extreme weather events of 2023. With new players entering the market, capacity is generally sufficient. However, capacity is under more scrutiny ahead of the introduction of mandatory coverage for natural catastrophe risks. A surge in demand for natural catastrophe capacity is expected for Q2'25 and onwards as current uninsured companies are subject to mandatory coverage.

Q1 Middle East Market Overview

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The Middle East insurance market remains competitive, with some additional capacity available. Directors and officers and cyber risks are softening in terms of rates and enhanced coverage. While the market remains stable for most risks, property is still a challenge due to new restrictions on natural catastrophes limits and deductibles. For clients, it’s crucial they start their renewal process well in advance to get the most benefit out of their renewal.

Mohamad Mourad

Chief Broking Officer
Commercial Risk Solutions
Middle East Cluster

Executive Summary

- Following major floods in the United Arab Emirates in 2024, the property market remains challenging, characterized by significant price increases as well as restrictions to coverages and terms, including the introduction of separate limits and deductibles for natural catastrophes.
- The automobile insurance market is moderate; while it continues to enjoy abundant capacity, rates have increased following losses from last year’s floods.
- Cyber and directors and officers, continue to experience soft market conditions, including favorable pricing and terms.

3

Q1 Middle East Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Abundant	Prudent	Flat	Flat	Stable
Casualty	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Property	Challenging	+1-10%	Constrained	Rigorous	Decreased	Increased	More Restrictive

Q1 Middle East Market Dynamics

Pricing

Overall, the market is moderate, but varies by line of business. Following heavy rain and floods in the United Arab Emirates in 2024, insurers have refocused their attention on natural catastrophe risks and the property and automobile markets are bearing modest price increases. The casualty market remains stable but competitive on most risks, unless there is material change in the nature of activities and claims experience.

Capacity

There is generally ample capacity in the market, with the key exception of property, where capacity is constrained, especially for natural catastrophe exposures.

Underwriting

Underwriting remains prudent for all lines, and rigorous for property, where insurers are introducing restrictions for natural catastrophe exposures and becoming more stringent on property locations / schedules of value.

Limits

For most lines of business, limits are generally renewing as expiring. A notable exception is property, where insurers are sub-limiting natural catastrophe-exposed risks.

Deductibles

Overall, deductibles remain flat. For property, insurers are applying higher deductibles for natural catastrophes which were introduced following the major floods in the United Arab Emirates in 2024 and are expected to continue to impact clients in 2025.

Coverages

Most placements are renewing with expiring coverages, with two notable exceptions. Various coverage restrictions are being introduced on property placements following natural catastrophe loss events in 2024, while coverage enhancements are available for cyber and directors and officers.

3

Q1 Middle East Product Trends

Automobile

Market conditions are moderate, despite abundant capacity in the local market. However, modest price increases are common across the board following last year's floods, which caused damage to thousands of vehicles.

Casualty

The casualty market is stable, with flat to slight reductions in pricing. Underwriting remains prudent, with more stringent underwriting information required for products liability. Insurers remain cautious of large manufacturing risks and typically require reinsurance support.

Cyber

Conditions for cyber insurance are relatively soft with flat-to-reduced pricing. Higher limits and improved coverages are available for some well-managed risks.

Directors & Officers

The market is stable-to-soft for directors and officers with flat-to-reduced pricing. Higher limits and improved coverages are available for some well-managed risks.

Property

Following heavy rain and floods in the United Arab Emirates in 2024, which cost insurers in excess of $2.5 billion, the property market has been adjusting pricing and terms. Insurers are applying sub-limits and specific deductibles for natural catastrophe risks. Loss free risks can achieve superior terms while those with high claims experience are experiencing a more challenging market.

Q1 Netherlands Market Overview

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The Dutch insurance market remains moderate, but with increasing signs of softening in specified areas as a result of abundant capacity and significantly improved insurer results.

Jochem Kort

Chief Broking Officer
Commercial Risk Solutions
Netherlands

Executive Summary

- The market is moderate overall, with abundant capacity and growing competition for preferred risks. Pockets remain challenging, such as food and beverage risks and U.S. casualty.
- The automobile market is the key exception to overall moderate market conditions, with capacity constraints and modest-to-moderate rate increases for fleet risks.
- Cyber continues to soften, although we expect the pricing cycle to be impacted as claims frequency shows no sign of slowing.

Q1 Netherlands Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Abundant	Flexible	Increased	Flat	Stable
Automobile	Moderate	+1-10%	Constrained	Flexible	Flat	Flat	Stable
Casualty	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Broader
Directors & Officers	Moderate	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Property	Moderate	-1-10%	Abundant	Flexible	Increased	Flat	Stable

Q1 Netherlands Market Dynamics

Pricing

New market entrants and abundant capacity have led to pricing competition and reductions in most lines. In general, the market is moderate with modest price decreases, although pockets remain challenging, including automobile placements, property placements for food and beverage risks, and liability placements for U.S. exposed and chemical related risks.

Capacity

In general, capacity is abundant and includes some new capital that entered the market at the end of 2024. The notable exception to the abundant capacity landscape is automobile, where capacity has been constrained.

Underwriting

Underwriting remains prudent and disciplined, with a focus on up-to-date and detailed underwriting information. That said, underwriting is becoming more flexible with increased competition.

Limits

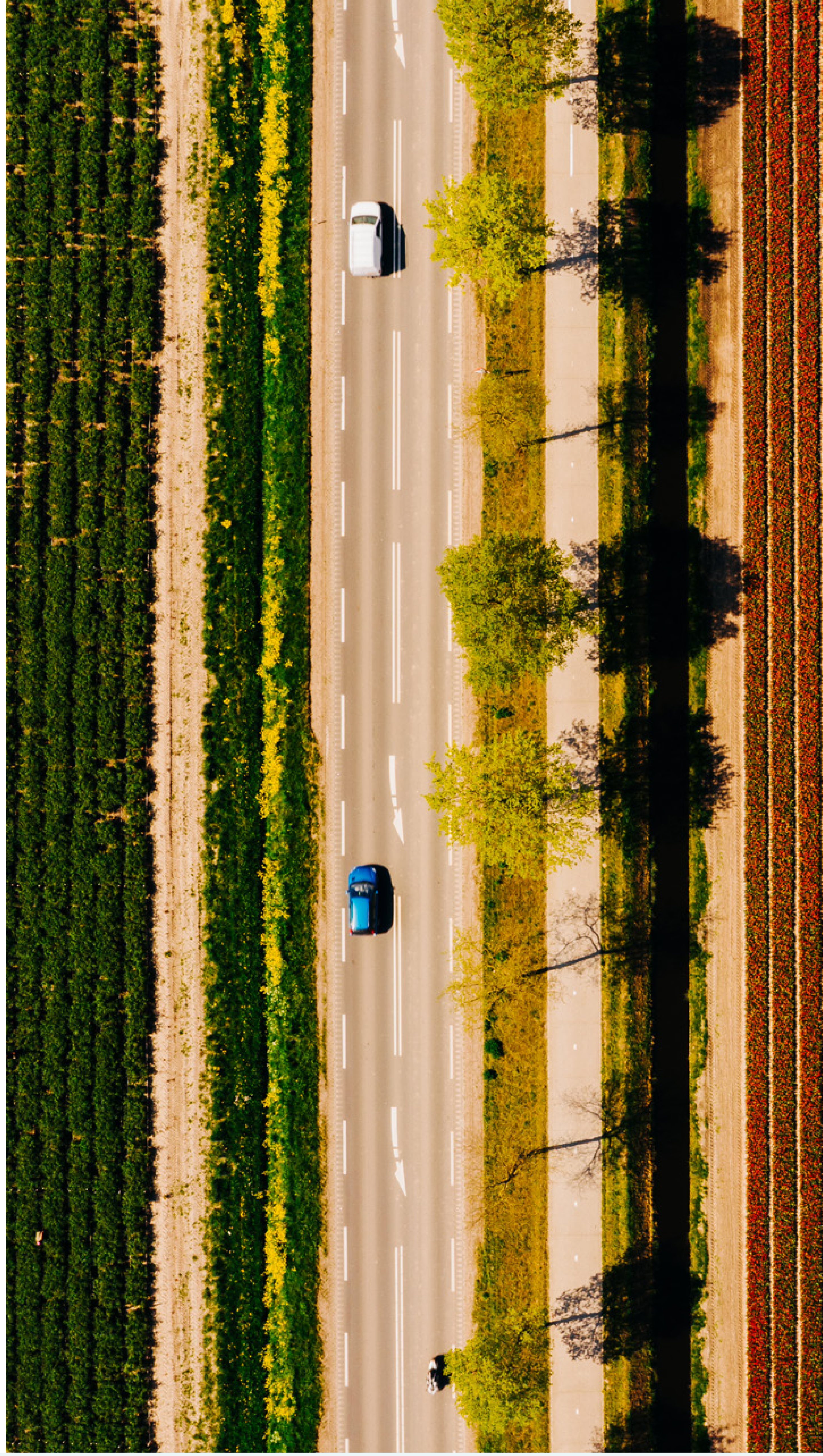
Limit increases are available for some risks; especially, where inflation has driven higher property values and repair costs and in cyber, where clients are looking to take advantage of favorable conditions by increasing their limits.

Deductibles

Deductibles are broadly unchanged; however, reductions are available on some well-performing risks.

Coverages

Coverages are stable, with no new clauses in market. Managing PFAS exposures remains an ongoing issue for casualty insurers. Broader coverage is available in the softening cyber market.



Q1 Netherlands Product Trends

Automobile

The automobile market has experienced modest rate increases as insurers seek to address underwriting losses: repair costs and higher values associated with electric vehicles, along with higher bodily injury claims, have been driving increasing claims ratios. Capacity for fleet risks remains constrained as only a limited number of insurers have appetite for commercial auto. Trucking fleets, in particular, are facing a challenging environment.

Casualty

As casualty insurers seek growth, competition is healthy and price reductions are common. Despite abundant capacity, underwriting remains prudent. Coverages for chemical risks, U.S. casualty and U.S. automobile are restrictive and capacity is constrained. Exclusions and restrictions related to PFAS are under discussion.

Cyber

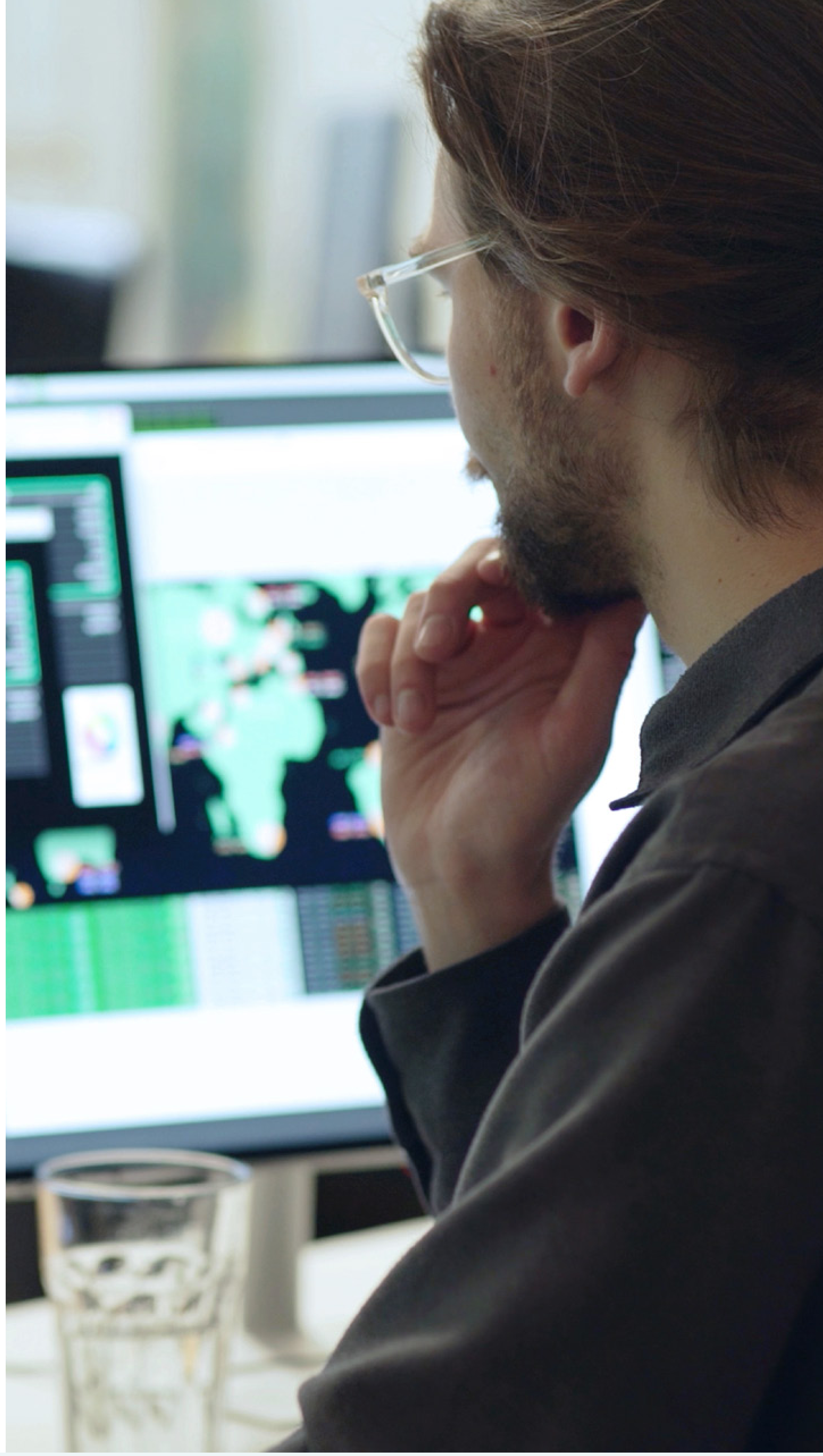
The market is soft, with abundant capacity and increasing competition. As claims frequency continues to increase, some market volatility is expected. Public sector, healthcare and logistics continue to face a more challenging environment, although capacity is sufficient where risks are well managed. Market conditions present opportunities to obtain broader coverage and increased limits.

Directors & Officers

Insurers seeking growth, which is creating a favorable market environment and opportunities to increase limits. For large clients (with revenue above $1bn) the market is modest to softening, although high risk placements remain challenging.

Property

The property market is moderate overall, with abundant capacity. Preferred risks are experiencing flat or modest price reductions at renewal, while placements with good loss ratios and the highest level of risk management can see superior terms. Segments like food and recycling remain challenging, although capacity is available for such risks.



Q1 Nordics Market Overview

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Increased capacity and favorable market conditions continue for the majority of buyers, making it the perfect opportunity to challenge program structures and improve conditions and limits.

Malin Fredriksson

Head of Nordic Broking Center
Commercial Risk Solutions
Nordics

Executive Summary

- Market conditions in the Nordics continue to improve, driven by increased growth ambitions of established insurers as well as new market entrants.
- Ongoing portfolio re-underwriting by Nordic insurers continues to affect the property market, although international and London market insurers are keen to grow in the region, which is expected to have a favorable impact, particularly for well performing and well managed risks.
- The cyber and directors and officers markets remain soft, although rate decreases are decelerating and some volatility is expected in 2025.

3

Q1 Nordics Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Casualty	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Prudent	Increased	Decreased	Broader
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Property	Moderate	+1-10%	Ample	Rigorous	Flat	Flat	Stable

3

Q1 Nordics Market Dynamics

Pricing

Pricing is moderate overall. Property pricing varies widely depending on the occupancy, risk quality and loss history, although well performing risks have seen mid-single digit increases in general. Directors and officers continues to soften, but there are growing signs of leveling off. Non-U.S. exposed casualty risks are also achieving reductions.

Capacity

Capacity is abundant for all key lines except property, where deployment is still carefully considered, especially for higher risk industries and for primary capacity on globally exposed directors and officers, albeit with signs of increasing capacity in both cases.

Underwriting

Property underwriting remains rigorous with a strong focus on risk management and quality information. For casualty, underwriting remains disciplined and detailed underwriting information is key to achieving superior outcomes. Underwriting continues to be flexible for directors and officers, although U.S.-listed and complex risks are subject to underwriting rigor and restricted appetite.

Limits

Expiring limits are generally available, although limits for natural catastrophe exposures are coming under scrutiny and some insurers have reduced limits for casualty risks with large U.S. exposure.

Deductibles

Expiring deductible levels are generally available. Lower deductibles are available for cyber, where insurers are looking to remain competitive and relevant in an increasingly competitive market.

Coverages

Coverage remains stable across most lines of business, although PFAS exclusions are being applied in the casualty market. Broader coverage is available for cyber as insurers increasingly look for ways to compete. Following last year’s CrowdStrike outage, cyber cover for broad system failure and outsourced service has come into focus.

Q1 Nordics Market Product Trends

Casualty

The market remains moderate, but underwriting is still prudent with respect to risk selection. Risks with significant U.S. exposure or PFAS exposure are likely to experience restrictive coverage or policy exclusions.

Cyber

Despite an increase in claims frequency and class action litigation, a buyer-friendly market continues, characterized by abundant capacity, downward pricing, and broad coverage terms. That said, insurers remain focused on risk quality, and underwriting is rigorous. A quality market submission is key, as organizations with effective controls and structured governance are able to obtain better pricing and terms than organizations with a lower IT maturity overall. Aon has established a cyber insurability framework to help clients improve and demonstrate best-in-class controls to insurers. In addition, Aon's preferred insurer panel provides clients with access to enhanced coverage, while Aon's broking platform (CyQu) provides faster access to capacity. Looking ahead, softening rates and increased claims frequency has set the stage for a potentially volatile market over the next few years, so identifying the right long-term insurance partners is critical. While competition is fierce, risk differentiation will remain key to insurers, and insurers will continue to price for that differentiation accordingly.

Directors & Officers

The directors and officers market remains soft, despite an increase in claims frequency and severity. While insolvency is still the main cause of claim in the Nordics, mergers and acquisitions, contractual disagreements and employment related disputes are also triggering notifications and claims. Defense costs have also increased, and litigation funding is now prevalent in the Nordics. In general, insurers are interested in deploying more capacity for existing clients, and some are increasing line sizes/limits beyond the market standard.

Property

Local insurers in the Nordics continue to re-underwrite portfolios, focusing on underwriting profitability, particularly on high occupancy exposures. International insurers in the region are pursuing growth strategies. Limited exposure to natural catastrophes – along with favorable pricing levels – makes Nordic risks more attractive to international and London market insurers.

Q1 South Africa Market Overview

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The South African market is competitive for well performing risks with good risk information and claims history. Insurers are setting growth targets for favorable and emerging occupancies, although underwriting remains disciplined and rigorous.

Angela Jack

Executive Head: Specialty, Broking and Risk Consulting
Commercial Risk Solutions
South Africa

Executive Summary

- The insurance market is moderate overall. While the overarching political landscape is stable following the 2024 election cycle, the risk outlook remains conservative due to geopolitical pressures, inflation, crime, infrastructure support and unemployment challenges.
- Property rates continue to moderate with signs of increasing competition and capacity for preferred risks, although perceptions of natural catastrophe exposures in South Africa continue to evolve.
- Competition from London market insurers is helping drive pricing competition and broader coverage for cyber, accelerating the development of the local cyber market.

3

Q1 South Africa Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Rigorous	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Rigorous	Flat	Flat	Stable
Casualty	Moderate	+1-10%	Constrained	Rigorous	Flat	Increased	Stable
Cyber	Soft	-1-10%	Ample	Prudent	Increased	Flat	Broader
Directors & Officers	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Property	Moderate	Flat	Ample	Rigorous	Increased	Increased	Stable

Q1 South Africa Market Dynamics

Pricing

The pricing environment has become more challenging, with rate increases now prevalent across a number of key lines. Placement outcomes remain highly dependent on risk quality. Long term agreements are becoming a more attractive option to help insureds extend the benefits of favorable outcomes.

Capacity

Capacity is ample for most risk types, with the notable exceptions of casualty, and property risks with significant natural catastrophe exposures or in heavy industries. Competition is increasing for new risk types such as renewable energy and infrastructure projects.

Underwriting

Underwriting is prudent-to-rigorous, with insurers typically requiring robust and granular information on claims, risk management and exposures, particularly around natural catastrophe exposures and business interruption values. Underwriting tends to be more flexible for preferred risks and areas targeted for growth.

Limits

Limits are typically renewing as expiring, although some increases are available where capacity is more abundant, such as cyber and preferred property risks. Given current conditions, some clients are opting to purchase additional limits, particularly on directors and officers and cyber excess layers.

Deductibles

Expiring deductibles are available on most placements, although more insureds are considering reductions to take advantage of current market conditions. Poor performing risks and those with perceived weak risk management continue to experience deductible increases.

Coverages

Coverage is stable, with the exception of property, where restrictions have been introduced for flood. Insurers first began applying flood restrictions to risks in KwaZulu-Natal, which suffered devastating floods in 2022, but some are now looking to impose these on a broader basis. In casualty, insurers are restricting cover for PFAS and U.S. exposures.

Q1 South Africa Product Trends

Automobile

The automobile market is competitive, yet underwriting remains rigorous, with a modest uptick in pricing overall in Q1. Trucking risks with high claims, vehicles at high risk of theft, and placements with large third-party limits are most challenging. Superior terms are available for clients with good risk management and claims history, and/or the use of fleet telematic solutions. There is an increased call for multiple tracking devices in high value or high-risk vehicle categories.

Casualty

Casualty market conditions have largely moderated, although capacity has remained constrained, and underwriting is rigorous. Risks with robust risk management and low loss ratios can achieve superior terms. Mining risks remain challenging to place due to the lack of local appetite and capacity. South African organizations also may face restrictions on coverage and limits for U.S. exposures.

Cyber

Cyber is the main exception to moderate conditions in South Africa. The cyber market remains soft, albeit with prudent underwriting. Marketing risks in the London market typically results in superior terms, while international competition is causing local underwriters to sharpen their pencils on pricing and coverage. EMEA-initiated insurer agreements are available locally to Aon clients and may offer broader wordings.

Directors & Officers

Pricing continued to increase modestly, largely driven by inflation, with little change in coverage and limits. Established buyers of directors and officers with a good claims history are experiencing moderate conditions and increasing appetite from insurers. Certain high-risk occupancies and ESG-exposed risks are experiencing a more challenging environment due to local capacity constraints.

Property

The property market is stable, but with some increased competition and capacity for certain risks. Rates continue to moderate, with a narrowing of rates between local and international markets. High hazard risks and placements that have not attended to risk improvements required by insurers are experiencing a more challenging market. Although South Africa has not historically been perceived as natural catastrophe exposed, severe weather events over the past few years have given property insurers cause for concern. Many insurers are now factoring these into their overall risk appetite and some are pushing for wider coverage restrictions for flood risk.

Q1 Turkey Market Overview

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Insurers have made growth their top priority for 2025. This has fueled insurer competition, leading to a welcomed softening of the market in Turkey, which has seen significant rate increases in recent years. In a growth-focused market, improved market conditions are expected to continue into the second quarter of the year.

Tevfik Erdengi

Chief Broking Officer and
Head of Corporate Clients Division
Commercial Risk Solutions
Turkey

Executive Summary

- Following a period of significant hardening, capacity in the property market is increasing for select commercial risks, with pricing now reducing and limits increasing.
- Underwriting is increasingly flexible, with broader coverage available for auto and cyber.
- In 2025, the Turkish automobile market is set to undergo important changes with the implementation of a third-party motor liability fund. Motor liability insurance is a mandatory insurance in Turkey, covering third party physical damages. For bodily injury, third parties have up to ten years after the incident to make a claim with indemnity amounts high and lawsuits taking a long time. To increase the available cash in the third-party motor liability fund, premium from every motor liability policy will be transferred to this fund.

Q1 Turkey Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Ample	Flexible	Flat	Flat	Stable
Automobile	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Broader
Casualty	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-21-30%	Ample	Flexible	Flat	Decreased	Broader
Directors & Officers	Soft	-11-20%	Ample	Flexible	Flat	Flat	Stable
Property	Moderate	-11-20%	Ample	Flexible	Increased	Flat	Stable

Q1 Turkey Market Dynamics

Pricing

Intense competition in the market is resulting in a general softening across all lines. Decreases, however, are modest relative to the significant increases applied over the past two years.

Capacity

Capacity is broadly sufficient for existing demand as insurers were able to renew reinsurance treaties at 1/1 with increased capacities. However, it remains to be seen if supply will keep pace with demand as the value of the Turkish lira strengthens. With high inflation in Turkey, replacement values and repair costs have increased and are expected to continue to increase. Clients must update their sum insured values regularly; however, if insurers' capacity does not keep pace with increases in sum insured values, capacity could become constrained.

Underwriting

Underwriting is generally flexible, but more prudent for casualty. With competition intensifying, areas such as construction business and commercial property are experiencing a more favorable underwriting environment.

Limits

Limits are generally flat, with the notable exception of property, which is experiencing increases. In Turkey, where property insurance covers assets with full sum insured values, the past two years have seen many coverages limited, and sub limits decreased, especially for business interruption. In Q1, full limit coverage was more readily available, while limits for business interruption increased.

Deductibles

Deductible levels are stable for most lines of business, with the exception of cyber, where they have decreased. Deductibles for directors and officers are flat overall, but reductions are possible for some risks.

Coverages

Coverage is stable overall, but with opportunities to negotiate broader coverage in cyber and automobile.

Previous
Turkey Market Dynamics

Next
Turkey Product Trends

Q1 Turkey Product Trends

Automobile

Automobile insurance remains an attractive line of business and an important source of income for insurers. As a result, capacity is abundant and rates are reducing, especially for motor damage insurance. Compulsory third party motor liability, however, is more challenging as insurers struggle to make a profit from this line. Turkey is in the process of establishing a new state-backed fund for third party motor liability insurance, which is expected to be operational by mid-2025.Under the proposed changes, insurance companies will contribute to the state fund a percentage, expected to be between 50-80%, of the bodily injury premium from each motor insurance policy sold. Insurers will continue to handle motor damage claims, while responsibility for bodily injury claims would shift to the government, reducing legal actions against insurance companies.

Casualty

The casualty market remained moderate, with increasing competition, single digit rate reductions, and stable coverage. While domestic insurers have struggled to increase capacity, some are able to tap international reinsurance markets to support their increased appetite. Local insurers are showing growing interest in writing product liability insurance but remain cautious when it comes to product recall coverage, which is typically not part of their treaty reinsurance.

Cyber

Intense competition has led to the softening of the cyber market, with decreasing rates, broader coverages and lower deductibles. Mature risk controls and long-term relationships with insurers can generate superior terms at renewal. In contrast, risk controls deemed insufficient, and risks associated with the local subsidiaries of multinational companies, are experiencing a more challenging environment.

Directors & Officers

The directors and officers market has continued to soften, with decreasing rates and flexible underwriting. Superior terms are available for mature risks, and those with long-term insurer relationships.

Property

After several years of hardening, rates have begun decreasing, albeit modestly when compared with the significant increases applied in recent years. Underwriting is flexible, and while most placements are renewing with expiring coverages, insurers are now more amenable to offering broader coverages for commercial risks. Capacity remains ample, although reinsurers are increasing capacity for commercial property risks, such as office buildings and shopping malls. Heavy industry, chemicals and paper industries, as well as risks in earthquake zones, continue to experience a challenging environment.

Q1 United Kingdom Market Overview

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The U.K. insurance market continues to demonstrate favorable conditions across most key lines of business. Softening was maintained in Q1, if not accelerated. There are dominant factors driving this environment, including strong insurer financial results, increasing capacity, industry wide insurer growth plans and an improving reinsurance market. Notwithstanding a major industry loss or geopolitical or macroeconomic event, we expect these favorable conditions to continue.

Josh Webb

Head of London Broking
Commercial Risk Solutions
United Kingdom

Executive Summary

- In general, conditions in the U.K. remain soft, with abundant capacity, pricing reductions and more flexible underwriting becoming increasingly common features for the majority of clients. For cyber and directors and officers, broader coverage is also available.
- Motor is the key class of insurance where pricing has continued to increase, while U.S. liability exposures and pockets of the property market remain challenging. However, the number and scale of such challenges is reducing with increasing competition.
- Despite geopolitical and macro-economic uncertainties, favorable insurance market conditions are expected to continue, supported by significant insurer growth plans, expanding capacity and improving conditions in the reinsurance market.

Q1 United Kingdom Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-11-20%	Abundant	Flexible	Increased	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-11-20%	Abundant	Prudent	Increased	Decreased	Broader
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Broader
Property	Soft	-11-20%	Abundant	Flexible	Increased	Flat	Stable

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Q1 United Kingdom Market Dynamics

Pricing

Pricing continues to fall, with double digit reductions in many classes, and single digit reductions for casualty and directors and officers. The exception is automobile, where rates have continued to increase.

Capacity

Capacity overall is abundant in the U.K, with the key exception being automobile, which continues to struggle with claims inflation and the higher cost of claims for electric vehicles. Placements are becoming oversubscribed for quality risks.

Underwriting

Underwriting is disciplined for specific risks areas, such as casualty risks with U.S. exposures or systemic cyber events with potential aggregation issues. However, insurers' growth ambitions are creating competition, leading to increasing flexibility as they look to win and retain business.

Limits

Limits are increasing at neutral cost for many lines of business, including property and cyber, as competition intensifies. Clients should re-evaluate the adequacy of their limits with their Aon Broker and consider priorities relative to premium spend.

Deductibles

Deductibles are generally flat, with the key exception of cyber, where they are reducing. As market conditions continue to soften, clients should assess current retention levels as it may be possible to reduce them at neutral cost.

Coverages

Coverages are generally stable, with broader coverage available for cyber and directors and officers. With growing competition, broader coverage should be explored wherever possible and relevant to exposure.

Q1 United Kingdom Product Trends

Automobile

Pricing remained under upwards pressure, although insurer growth plans and increasing competition may have an easing effect. Automobile claims inflation remains elevated (running at 6-10% in 2024) due to the higher cost of both repair and personal injury (general damages increased 22% last year). Electric vehicle damage claims are up to 25% more expensive due to the higher cost of repair and replacement values. Effective from January 2025, the personal injury discount rate, important when calculating single payment awards in personal injury claims, changed from minus 0.25% to plus 0.5%. This may have a positive impact on general conditions as we progress through the year.

Casualty

The casualty market remains soft, with the exception of risks with significant U.S. exposures, which have attracted higher rates due to insurer concerns related to adverse litigation trends. Risks with non-U.S. exposures - particularly in the corporate and mid-market space - can achieve significant premium savings when put under competition. PFAS exclusionary language is becoming more typical. Clients should be prepared for additional market engagement throughout the renewal process and line up key areas of the business to provide responses to insurer questions.

Cyber

Despite frequency of ransomware incidents and concerns for systemic cyber events, the market remains soft, with abundant capacity, double digit rate reductions, higher limits and broader coverage. Improved terms are available where clients implement robust cyber security measures, such as employee training, incident response planning and risk assessments of third-party vendors. Dependent business interruption is a key underwriting concern.

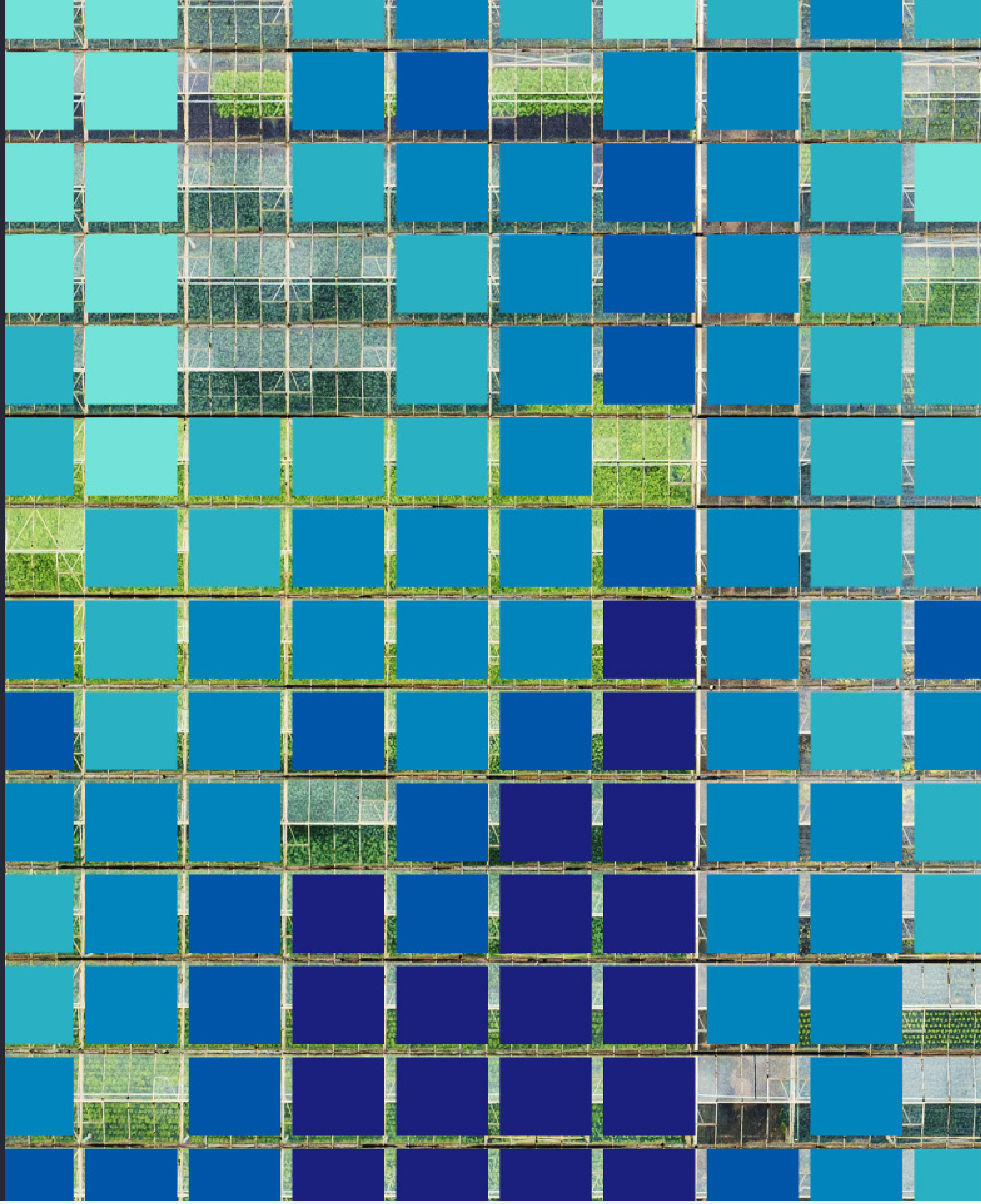
Directors & Officers

The market for directors and officers insurance remains soft, despite an unsettled macro-economic backdrop, recent geopolitical developments, fiscal measures and evolving trade policies. An abundance of capacity and the ongoing lack of new opportunities for insurers continue to drive competition, leading to further rate reductions and broader coverage. Certain placements may, however, face challenges, such as those with exposure to emerging risks, insolvencies, non-financial misconduct, and certain ESG, AI and cyber risks.

Property

The U.K. property insurance market has been undergoing sustained softening, with positive results and growth plans fueling healthy competition. Capacity is abundant, driving down premiums and supporting options to purchase increased limits. Some challenging pockets remain, such as waste and food processing sectors, but the number and scale of such challenges is reducing at pace. Clients should assess their total cost of risk as the balance of retained and transferred risk is likely to shift for most in this more favorable market.

Latin America Market Overview



Q1 Latin America Market Overview

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The insurance market is currently experiencing soft overall conditions with flat to decreasing pricing, ample capacity, prudent underwriting and stable coverage. Through the first half of 2025, we expect the market will remain stable, assuming no major economic, political, or catastrophic events occur.

Natalia Char

Head of Commercial Risk Solutions
Latin America

Executive Summary

- The region is experiencing economic uncertainty as Mexico faces U.S. trade tariffs and Brazil prepares for elections, although the latter could unlock investment in infrastructure projects that have been delayed over the past 3 years.
- A period of political stability in major Latin American economies has benefited insurance markets, contributing to stable coverage and prudent underwriting practices.
- Insurers are likely to take a cautious stance ahead of regulatory changes (Law No. 15,040/2024 enacted in Brazil on December 9, 2024) due to be enforced at the end of 2025 that could increase litigiousness in Brazil. The new law focuses on insurance contracts and establishes rules applicable to reinsurance contracts as well. This law will indirectly impact reinsurers' operations in Brazil in matters such as tacit acceptance of reinsurance proposals, cut-through clauses and automatic Extra-Contractual Obligations and Excess of Policy Limits provisions.

Headlines

Positive Developments

- New products like parametrics and cyber property damage are gaining traction.
- Competitive environment is expected to spur further market innovation.
- Demand for alternative solutions and captives is growing.

Challenging Developments

- Property losses are impacting some parts of the property market.
- Capacity is ample, but robust data is a prerequisite for complex risks.
- The market is assessing the impacts of new regulation in Brazil.

Q1 Latin America Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Latin America	Soft	Flat	Ample	Prudent	Flat	Flat	Stable
Argentina	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Brazil	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Chile	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Colombia	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Mexico	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable

Q1 Latin America Market Dynamics

Pricing

Conditions in Latin America are soft overall, with pricing flexibility on many risks. Insurers are increasingly willing to give discounts for preferred risks, such as "light hazard" and those with a favorable loss history.

Capacity

Capacity continued to increase from established insurers and new market entrants. Preferred and well-performing risks are experiencing an abundance of capacity, and in some cases, oversubscription. Challenging risk types continue to face capacity constraints.

Underwriting

Underwriting remains disciplined, and insurers are focused on profitability and risk differentiation, with underwriters in Latin America increasingly relying on data, insights, and modeling to support decision-making.

Limits

Limits remain broadly stable. There are some specific reductions in limits where certain risks do not meet insurers' technical underwriting guidelines. Limit increases are available on well-performing risks.

Deductibles

Most policies are renewing with expiring deductibles, although clients with significant losses may face higher deductibles. Some deductible buy-downs are available, particularly on cyber and directors and officers.

Coverages

Coverages are typically renewing as expiring, although insurers are more flexible on risks where growth appetite is strongest.

3

Q1 Latin America Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
Latin America	Moderate	Moderate	Soft	Soft	Moderate
Argentina	Moderate	Moderate	Soft	Soft	Moderate
Brazil	Soft	Soft	Soft	Soft	Moderate
Chile	Moderate	Soft	Soft	Soft	Moderate
Colombia	Soft	Moderate	Soft	Soft	Moderate
Mexico	Moderate	Moderate	Soft	Soft	Moderate

Q1 Latin America Product Trends

Automobile

The market is generally moderate, albeit with a trend towards growth and improving conditions. Broadly, rates reflect individual risk and claims history as well as local market factors.

Casualty

Conditions in the casualty market remain moderate overall, but Brazil and Chile are experiencing more buyer friendly conditions. Specific sectors and U.S.-exposed casualty continue to experience some challenges, although there is a wider trend towards greater flexibility and competition in terms, conditions and coverages.

Cyber

The cyber market in Latin America has continued to attract growing interest and capacity, leading to soft conditions across the region. Competition is strong for highly protected risks while high-exposure risk types and industries continue to face challenges. Underwriting remains rigorous, with insurers emphasizing the importance of proper controls.

Directors & Officers

New entrants and ample capacity are supporting soft market conditions for directors and officers in Latin America. Discounts, increased capacity, and flexibility in terms and conditions are common. A good claims history and economic performance are key to achieving improved terms and pricing. Placements with poor performance, bankruptcy or in financial distress are experiencing difficulties at renewal.

Property

The property market across Latin America is moderate, but with some capacity restrictions. In Mexico, capacity is constrained following hurricane losses in 2024, while in Argentina pricing for some industrial risks is undergoing a correction due to poor loss ratios. Reinsurance treaty restrictions in Brazil, and limited capacity for natural catastrophe risks in Chile, are driving increased use of facultative reinsurance for high exposure risks in both markets. High-exposure sectors and poorly managed risks are experiencing challenging market conditions while preferred risks with robust protection are attracting increased capacity and pricing competition.

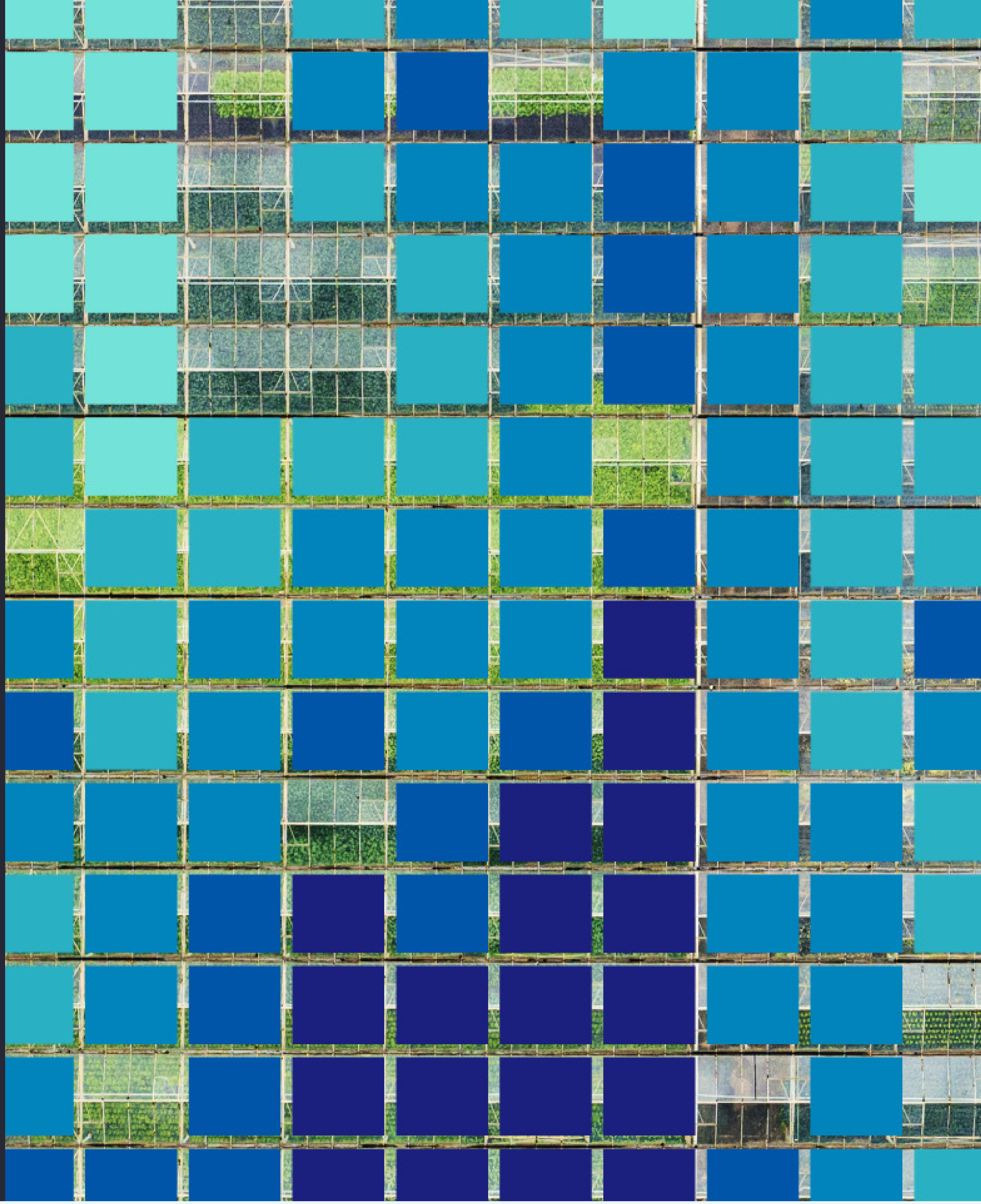
Q1 Latin America Advice for Navigating the Market Environment

- Evaluate total cost of risk using agreed methodologies. With today's favorable market conditions, now is the time to revisit limits, deductibles, conditions and coverages and update your risk transfer program to address the inflationary environment, business changes, and the evolving risk landscape.
- Consider long term agreements to lock in current market pricing.
- Explore alternative solutions such as parametrics and captives, which are gaining traction across the region.

Previous
Latin America Product Trends

Next
Latin America Claims Overview

Latin America Claims Overview



Q1 Latin America Claims Overview

Volatility in natural catastrophe claims in Latin America is expected to increase with climate change and other risk trends. Additionally, trends in the cyber landscape point to an increase in cyber-attacks which could impact claims costs and pose challenges for insureds across the region.

Enrique Morata

Head of Claims
Commercial Risk Solutions
Latin America

Executive Summary

- There have been three major natural catastrophe events in the last 18 months in the Latin America region (two storms in Mexico, severe floods in Brazil). Hurricane Otis, in Mexico, developed from a category 1 to a category 5 in less than 12 hours; the quick escalation in severity of the storm was unprecedented for the region. The 2024 floods in Porto Alegre, Brazil, are considered the most severe flooding in that region in the last 100 years. Based on these patterns, natural catastrophe claims are expected to increase in frequency and severity.
- The value of liability claims awarded by courts in Latin America is increasing as insureds become more aware of the availability of large awards.
- The claims environment is increasingly complex due to delays in coverage recognition and indemnity values, particularly on claims related to facultative reinsurance placements. This applies across the region and across all lines but is most pronounced on financial lines claims. It is key to ensure clarity in policy wordings.
- Trends in the cyber landscape point to an increase in cyber-attacks which could impact claims costs and pose challenges for insureds.

Headlines

Positive Developments

- Awareness of the impacts of natural catastrophe perils is growing among Latin American companies.
- Clients increasingly understand and appreciate the value of cyber insurance.
- The cyber insurance market is maturing and learning to better address the evolving threat landscape.

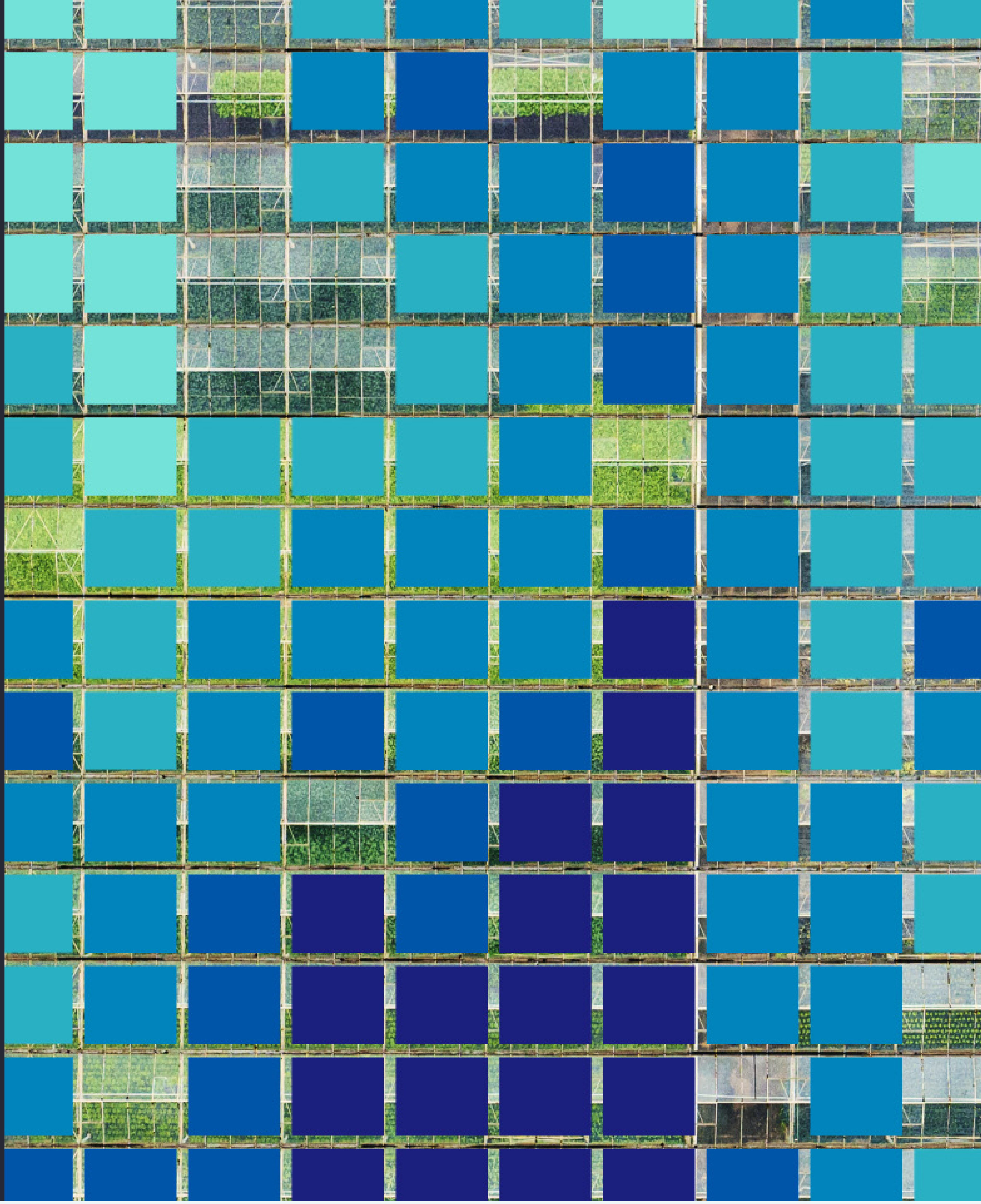
Challenging Developments

- Increasing frequency and severity of natural catastrophes could affect coverage limits and pricing.
- A trend towards more and higher-valued litigation is resulting in an increase in liability claims.
- Motor claims are affected by inflation and lack of spare parts due to supply chain disruptions, increasing costs and repair times.

Q1 Latin America Advice for Navigating the Claims Environment

- Adopt and update contingency and business continuity plans for natural disasters.
- Review the breadth of coverage and valuations, especially given the compromises that were made during the hard market and the recent inflationary environment.

Latin America Geographic Trends



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Q1 **Argentina Market Overview**

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Lower than expected inflation and emerging economic opportunities will present the insurance market in Argentina with new opportunities, including in the energy sector where we expect significant investments.

Daniela Florencia Beliera

Broking Leader
Commercial Risk Solutions
Argentina

Executive Summary

- Overall, Argentina is a moderate market, characterized by sufficient capacity and disciplined underwriting.
- The removal of Argentina’s Impuesto PAIS, an emergency tax on purchases of foreign currency, should serve to reduce premiums for placements that are reliant on facultative reinsurance.

Q1 **Argentina Market Dynamics**

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Moderate	Flat	Ample	Prudent	Flat	Decreased	Stable
Cyber	Moderate	-1-10%	Ample	Prudent	Flat	Decreased	Stable
Directors & Officers	Soft	-1-10%	Ample	Prudent	Increased	Flat	Stable
Property	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable

Q1 Argentina Market Dynamics

Pricing

Pricing is generally flat, with modest reductions in cyber and directors and officers. Automobile rates are the main exception, with single digit increases in Q1.

Capacity

Capacity is ample overall, but more constrained for cyber and U.S. exposed liability. For high-hazard property and energy risks, capacity may need to be complimented by facultative reinsurance.

Underwriting

Underwriting is generally prudent, with the key exception of some specialty lines where insurers' increasing appetite for new business is creating flexibility.

Limits

Limits are typically renewing as expiring, except directors and officers, where insureds are reinvesting premium savings to purchase higher limits.

Deductibles

Deductibles are generally as expiring, except for casualty risks with poor loss history, directors and officers risks with U.S. exposures, and cyber.

Coverages

Coverages are stable for all major lines of business.

Q1 Argentina Product Trends

Automobile

Conditions in the automobile market appear to be easing and are moderate overall, with price increases decelerating and coverage becoming less restrictive. There are signs of growing competition as insurers demonstrate an increased appetite for new business.

Casualty

The market is generally moderate, with expiring pricing broadly available, especially for loss free risks. Local capacity is generally sufficient, although restrictions have been imposed for certain sectors, such as energy, pharmaceuticals and agrochemicals, requiring support from the reinsurance market.

Cyber

The cyber insurance market continues to experience local capacity constraints. However, there are signs of improvement, with increased capacity from London insurers. Premiums are now decreasing, albeit modestly, as are some deductible levels. Underwriting remains prudent, but terms and conditions have improved with the arrival of new entrants to the market.

Directors & Officers

Price reductions have continued in Q1; however, capacity constraints have continued for U.S. listed risks. Underwriting remains prudent, although insurers are now offering improved terms, such as sub-limit increases, as they seek to avoid further pricing reductions.

Property

Market conditions are moderate and broadly unchanged from Q4. Given that there is ample capacity in the market, property rates are flat, and underwriting is prudent. That said, pricing for certain types of industrial risks is undergoing a correction due to high loss ratios.

Q1 Brazil Market Overview

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Alternative risk transfer solutions like parametrics and captives have been gaining considerable traction in Brazil. These innovative products offer clients distinct advantages and flexibility. I believe it is essential to remain at the forefront by exploring these options further and understanding how they can be integrated into our clients' risk management strategies.

Mateus Angelo

Broking Leader
Commercial Risk Solutions
Brazil

Executive Summary

- Following large fire and natural catastrophe losses in 2024, the Brazilian property insurance market has seen modest increases and reinsurance treaty restrictions imposed on subscription placements.
- Abundant capacity for directors and officers and cyber is leading to more comprehensive and competitive options for clients.
- The return of growth to the automobile insurance market is expected to generate a more competitive environment in 2025.
- Insurers are likely to take a cautious stance ahead of regulatory changes due to be enforced at the end of 2025 (Law No. 15,040/2024 enacted in Brazil on December 9, 2024) which could increase litigiousness in Brazil. The new law focuses on insurance contracts and establishes rules applicable to reinsurance contracts as well. This law will indirectly impact reinsurers' operations in Brazil on matters such as tacit acceptance of reinsurance proposals, cut-through clauses and automatic Extra-Contractual Obligations and Excess of Policy Limits provisions.

Q1 Brazil Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Automobile	Soft	Flat	Abundant	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Prudent	Increased	Flat	Stable
Directors & Officers	Soft	-11-20%	Abundant	Prudent	Flat	Flat	Stable
Property	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Brazil Market Dynamics

Pricing

Insurers' growth strategies continue to support favorable conditions, with stable to slightly reducing rates for well-performing risks, particularly for casualty, directors and officers, and construction risks. However, where significant reductions were achieved in previous renewals, underwriters are more conservative in their pricing. More challenging risks are seeing price increases, although these have slowed significantly compared to Q1 2024.

Capacity

Capacity has continued to grow, with increased appetite from established insurers and new market entrants. Capacity is abundant for preferred and well-performing risks, with some placements experiencing oversubscription. Challenging risk types continue to face constrained capacity.

Underwriting

Underwriting remains broadly disciplined as insurers seek to maintain profitability across their portfolios. Risk differentiation is a top priority, with underwriters increasingly relying on data, insights, and modeling to support their decision-making.

Limits

Expiring limits are available for most placements, although inflation and concerns related to nuclear verdicts are giving rise to limit increases, and such increases are available in the market, especially as insurers look to expand their participation on targeted risks.

Deductibles

Expiring deductibles are available for most placements, although challenged risks are experiencing attachment point scrutiny and upwards pressure on deductibles. Some insureds are leveraging deductible levels to help manage premiums costs.

Coverages

Expiring coverages are available for most placements, although insurers are more flexible on risks where growth appetite is strongest.

Q1 Brazil Product Trends

Automobile

After low overall growth in 2024, the market is forecast to produce double-digit premium growth in 2025, which should translate to increasing competition between insurers. Restrictions for heavy vehicles and some industries/segments remain.

Casualty

Market conditions are generally soft, with abundant capacity and more flexible underwriting. Poor performing risks, and those with significant U.S. exposure, have continued to experience capacity and coverage restrictions as well as increasing pricing and deductibles.

Cyber

Capacity is abundant and well-managed risks with quality submissions can achieve favorable pricing, terms and conditions. Reinsurers are demonstrating increased interest in cyber opportunities in Brazil, which has helped maintain the competitiveness of local insurers. We are also now seeing new solutions being offered that link cyber with other products, such as property, directors and officers and general liability. Operational technology and supply chain risks, as well as industries such as betting companies and crypto exchanges, are more challenging to place.

Directors & Officers

The directors and officers market remains soft in terms of pricing, terms and conditions, although underwriting remains cautious, particularly for U.S. exposures, financially distressed companies and financial institutions. New (re)insurance entrants and intense competition have been driving favorable pricing. Notably, there has been an increase in the number of Brazilian companies going through judicial reorganization and financial distress/insolvency.

Property

Brazil market conditions are moderate, despite large fire and natural catastrophe losses over the past year, including the record breaking $1.4 billion insured loss from floods in the Rio Grande do Sul in April and May. Last year, the Brazilian insurance industry posted its worst loss ratio in the past 5 years, according to official figures from the insurance regulator (SUSEP). As a result, treaty reinsurers are applying coinsurance panel limitations, which are leading to increased demand for facultative reinsurance support on high-limit policies. Starting the placement process ahead of time and with detailed submission information is essential.

Q1 Chile Market Overview

The most successful placements are those where we have had the appropriate time to negotiate the best terms and conditions with insurers.

Ariel Vera

Broking Leader
Commercial Risk Solutions
Chile

Executive Summary

- Insurers are generally focused on growth. While underwriting remains disciplined, insurers are competing aggressively for preferred risks that meet their technical criteria.
- Available capacity increased during Q1, and pressure on prices, as well as terms and conditions, decreased. However, poorly performing risks, such as those in agrobusiness and the storage sectors, are experiencing a challenging market environment.
- Technical rigor in cyber underwriting has begun to tighten following recent claims. Insureds must be able to demonstrate current and planned short-term risk management measures in order to secure additional cyber capacity.

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Q1 **Chile Market Dynamics**

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Automobile	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Cyber	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Ample	Flexible	Flat	Flat	Broader
Property	Moderate	-1-10%	Constrained	Rigorous	Flat	Flat	Stable

Q1 Chile Market Dynamics

Pricing

Pricing flexibility has increased with a marked trend of discounting on preferred risk types and risks with a favorable loss record.

Capacity

Capacity remains stable overall, but has reduced for risks with composite or sandwich panels (a type of structure commonly used in manufacturing facilities in Chile with high exposure to fire), risks with perceived weak risk management, loss controls and protections, and/or a risks with a poor loss record.

Underwriting

Underwriting is becoming more rigorous across all lines of business. A growing number of insurers are demanding risk management or loss control protocols and active monitoring of risk improvements.

Limits

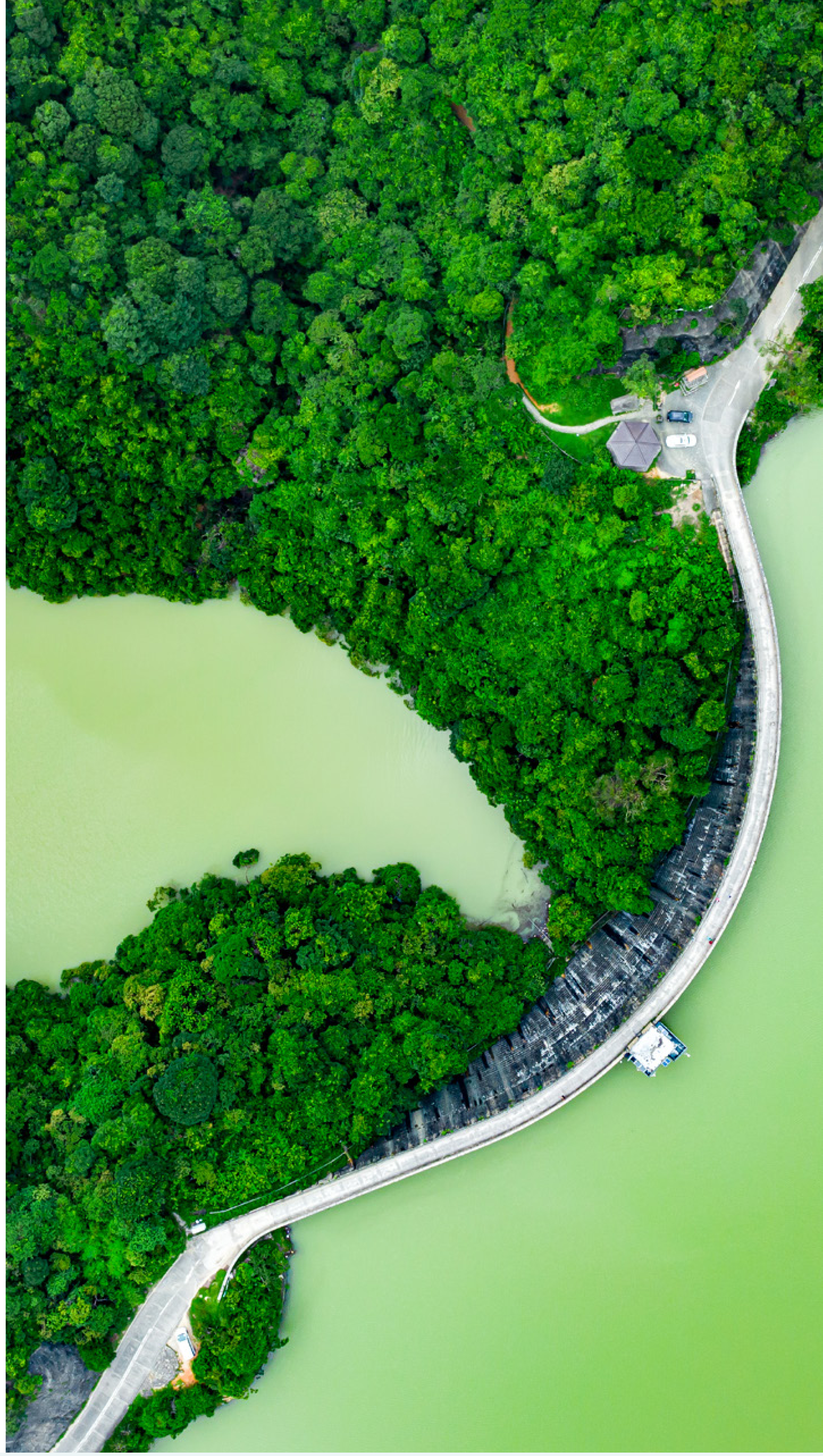
Limits remain stable, although some insurers have reduced available limits in specific cases where risks do not meet underwriting guidelines.

Deductibles

Deductibles are typically renewing as expiring; however, reductions are available on some preferred risk types.

Coverages

Coverage remains stable, although broader coverage is available for directors and officers.



Q1 Chile Product Trends

Automobile

Insurers are increasing their appetite for automobile risk, leading to more aggressive pricing and solutions for clients where there was previously little or no support. Fleets with lower risk of vehicle theft, as well as those where GPS trackers are fitted, are likely to achieve better terms and conditions. Placements with a history of high theft claims and those requiring terrorism, strike, riot and civil unrest cover in southern Chile are the most challenging due to past industry losses.

Casualty

Competition is increasing with more favorable pricing and increased flexibility in terms, conditions, and special coverages, especially for risks placed in the local marketplace. Insurers are demonstrating lower appetite for risks in the food, agricultural and beverage industries due to high product exposures.

Cyber

The cyber market continues to moderate. Terms and conditions are generally renewing as expiring, although more favorable terms can be achieved where cyber security controls are robust and for risks with low data privacy exposures. Risks with weak cyber security controls that do not meet insurers' underwriting criteria can face challenging market conditions.

Directors & Officers

Market conditions are buyer-friendly, with price reductions, flexible underwriting and the availability of enhanced terms. Insurers are responding to changes in economic law, which have increased the responsibilities of directors and the diligence required in their actions and decisions, with enhanced coverages and new clauses. Publicly listed companies, and those undergoing changes in corporate structure or financial distress, are experiencing a more challenging market.

Property

Underwriting continues to be rigorous and capacity constrained, but with some flexibility in pricing. As is usual in the Chilean market, the lack of natural catastrophe capacity and risk volatility is being acknowledged by facultative reinsurers, which are providing support in terms of capacity. Preferred, highly protected risks can achieve superior terms, while sandwich panel risk are experiencing local capacity restrictions and increases in pricing and deductible levels.

Q1 Colombia Market Overview

> The Colombian insurance market is undergoing significant transformation driven by technological innovation and evolving consumer expectations. Overall, the sector remains resilient, with improved technical results and healthy competition.

Monica Camacho

Head of Commercial Risk Solutions
Andean Region

Executive Summary

- Conditions are soft-to-moderate overall, with ample capacity, healthy competition, disciplined underwriting and a focus on profitability.
- The slowdown in the Colombian economy, partly due to restrictive monetary policy and global economic uncertainty, is reducing business activity and demand for insurance. Additionally, political and economic uncertainty has led to a decrease in foreign investment, impacting sectors like infrastructure and energy, which are important markets for insurers.
- The insurance outlook for 2025 is one of moderate growth. There are high expectations for the reactivation of the construction sector, a pillar of insurance demand in Colombia. However, the performance of the sector will depend on political and economic stability, as well as insurers' ability to adapt to regulatory changes and implement digitalization strategies that allow them to achieve operational efficiencies.

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Q1 Colombia Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Automobile	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Casualty	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Property	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Colombia Market Dynamics

Pricing

Conditions are soft overall, with most lines of business experiencing rate reductions in Q1 as insurers implemented growth strategies. The market is also benefiting from a heavy presence of local insurers and a benign loss environment.

Capacity

Capacity is generally sufficient, with an abundance of capital available for automobile and directors and officers placements. New players are entering the market for casualty, cyber, and directors and officers, driving greater competition amongst domestic insurers. For property, market capacity is stable, supported by strong local capacity and new foreign insurers entering the market.

Underwriting

Underwriting is prudent for almost all lines of business, except directors and officers, where it is flexible. For complex casualty risks and cyber, insurers are seeking more information, while for directors and officers, underwriters are looking carefully at cyber and U.S. exposures. High-quality risk information remains critical for property, with a strong focus on the quality risk management and business continuity plans.

Limits

Limits are typically renewing as expiring, reflecting insurers' flat reinsurance treaty renewals. In the directors and officers market, competition from new market entrants is leading to higher limits, especially on placement types with traditionally lower limits.

Deductibles

Deductibles are generally flat; however, insurers are mandating increases on risks with poor loss history.

Coverages

Most placements are renewing with expiring coverages, although enhancements are available on some well performing, preferred risks. Restrictions for strikes, riot and civil commotion, and terrorism remain in place for property.

Q1 Colombia Product Trends

Automobile

In a market where capacity is abundant and competition is strong, soft conditions, including modest rate reductions, continue. Capacity is, however, limited for heavy vehicle fleets, where there are few insurers with an appetite for this type of risk.

Casualty

Casualty conditions are moderate with ample capacity, although domestic insurers – now less reliant on reinsurance – are demonstrating greater local underwriting authority. For corporates, general liability remains a complementary coverage, with low limits. Risks with significant losses and that require complex coverages, such as recall or contamination, may need to embed such coverages in their general liability policy.

Cyber

The cyber market is generally soft, with competitive capacity available for preferred, highly protected risks. Improved cyber security controls can increase insurer confidence and lead to more favorable terms. Placements with high exposures, such as financial institutions, retail, and communications, without adequate protections and protocols, are facing a more challenging environment.

Directors & Officers

With abundant capacity and favorable claims trends, the directors and officers market remains soft, with modest pricing reductions and flexible underwriting. Competition from new market entrants is leading to higher limits for certain coverages where limits were traditionally lower.

Property

Property capacity, terms, conditions and limits available in the local market remain stable, with large limit and high hazard risks supported by facultative reinsurance. Preferred risks, such as occupancies with low fire hazards, adequate engineering protocols and good risk management, and risks with a favorable loss history, are experiencing a more favorable environment and superior terms. Risks with high hazards and significant exposures to fire, business interruption, machinery breakdown and that have poor risk and engineering management are experiencing a more challenging environment.

Q1 Mexico Market Overview

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Uncertainty in commercial trading and restrictions in exports may drive a deacceleration in commercial insurance market growth.

Lorena Gutierrez

Head of Commercial Risk Solutions Mexico, Central America and the Caribbean

Executive Summary

- The prospect of U.S. trade tariffs are a cause for concern. They would likely reduce Mexican exports, disrupt supply chains and make Mexico less attractive to foreign investors, particularly for those looking to use Mexico as an export platform to the U.S.
- Restrictions applied to reinsurance treaties are constraining capacity that local insurers can provide for proportional placements and creating opportunities for multinationals without these restrictions.
- The directors and officers market remains soft, leading to rate reductions and creating opportunities for insureds to increase limits and sub limits.

Q1 Mexico Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Moderate	Flat	Abundant	Flexible	Flat	Flat	Stable
Cyber	Moderate	Flat	Ample	Rigorous	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Property	Moderate	Flat	Constrained	Rigorous	Flat	Flat	Stable

Q1 Mexico Market Dynamics

Pricing

Despite large property catastrophe losses from hurricanes in 2023 and 2024, pricing in the Mexican insurance market is broadly flat, albeit with modest increases for automobile and decreases for directors and officers.

Capacity

With the exception of property catastrophe, capacity is generally ample, with insurers maintaining, and even increasing, capacity for lines with positive loss ratios. Large property risks have experienced a more complex market environment due to restrictions on co-insurance.

Underwriting

Underwriting is prudent overall, but more flexible for casualty and directors and officers, where capacity is abundant. For loss-affected lines, such as property and cyber, underwriting remains rigorous.

Limits

Most placements are renewing with expiring limits; however, favorable conditions for directors and officers are creating opportunities to increase limits and sub limits.

Deductibles

Most placements are renewing with expiring deductibles.

Coverages

Most placements are renewing with expiring coverages, with growing demand for product tampering cover.

Q1 Mexico Product Trends

Automobile

A rise in road traffic accident rates and increasing vehicle values is driving higher pricing for automotive (the accident rate in Mexico increased by more than 17% in the first half of 2024). Appetite for electric vehicles remains limited.

Casualty

Conditions in the casualty market are moderate. Risks with low loss ratios and quality submissions are experiencing favorable conditions, while clients with high U.S. exposures, or that require product recall coverage, or that are in the pharmaceutical sector, face a challenging market environment.

Cyber

Overall, capacity is ample, despite a limited number of primary insurers writing cyber. Superior terms are available for placements with low-risk exposures and good cyber security measures. However, underwriting remains rigorous overall, and companies perceived as having high exposure, such as technology firms and those handling sensitive information, are experiencing a more challenging market.

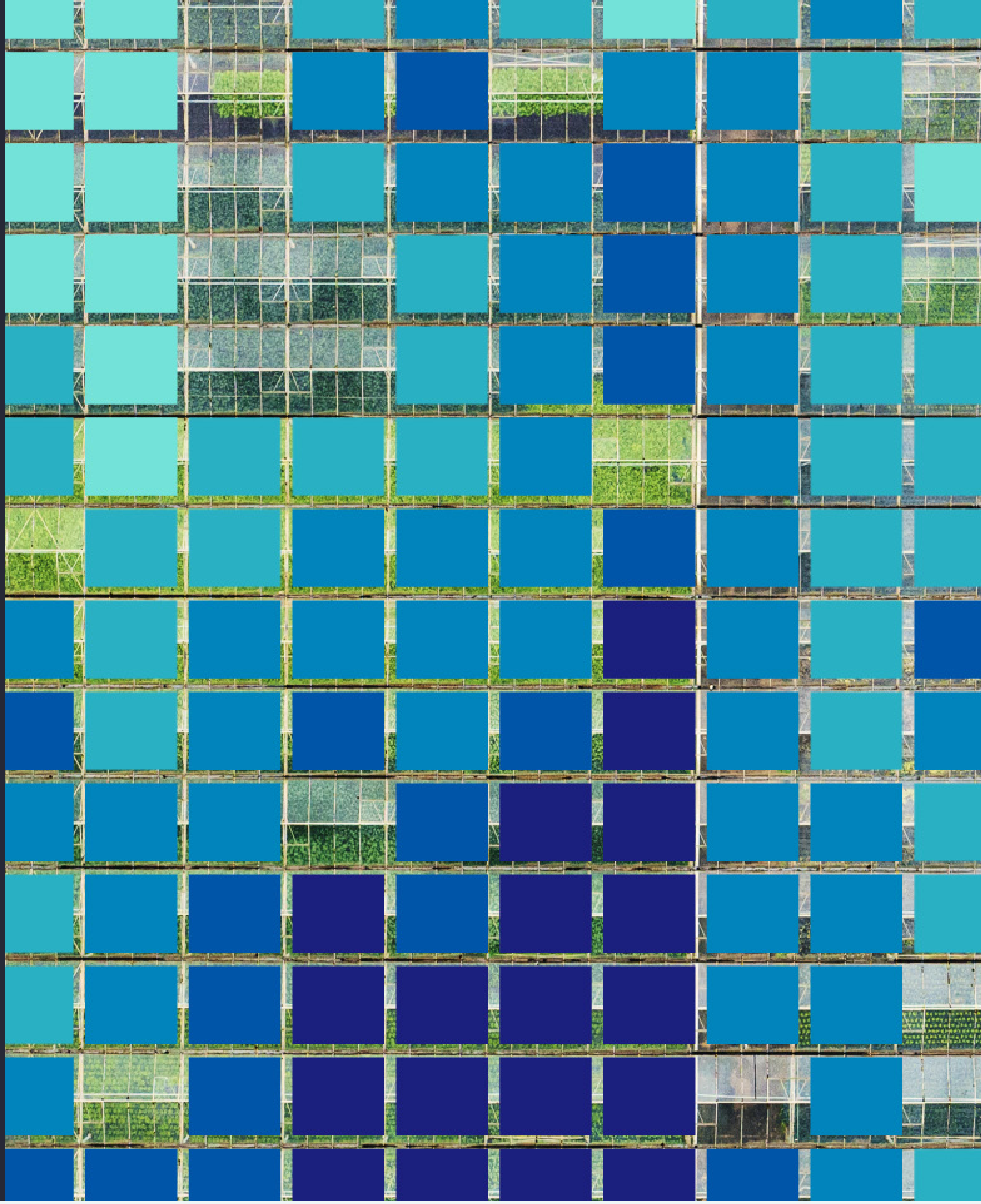
Directors & Officers

The directors and officers market remains soft, with abundant capacity and new entrants helping drive competition and rate reductions. Some buyers are taking advantage of the favorable conditions to increase limits and sub limits. Companies with a poor claims history or insolvency are likely to face more challenging renewals.

Property

Overall, the market is stable in terms of pricing and coverage enhancements are available. Capacity is constrained, and underwriting is rigorous, following large losses from hurricanes Beryl, Milton and Helene in 2024, and hurricanes John and Otis in 2023. Buyers in high-risk zones with high exposures for named storms and flooding are likely to face challenging conditions at renewals. Restrictions applied to reinsurance treaties following hurricane losses in 2023 and 2024 are limiting natural catastrophe capacity offered by local insurers, although multinational insurers without these restrictions are stepping in to fill gaps.

North America Market Overview



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Q1 North America Market Overview

"The beginning of 2025 is a period of calm in terms of the insurance market environment. Many areas of the market have either turned in the buyer's favor for remain in the buyer's favor. Many of our clients are using this opportunity to dig deeper into data and analytics and engage in a more cerebral discussion around risk. The four megatrends of 1) Weather, 2) Workforce, 3) Trade, and 4) Technology remain front and center on their minds in terms of areas of concern. There remains a lot of uncertainty and volatility in the macroeconomic landscape.

Brian Wanat

Head of Commercial Risk Solutions
North America

"The outlook for 2025 is rapidly evolving, influenced by a myriad of factors including geopolitical risks, domestic challenges, and extreme weather events. However, the Canadian Property and Casualty (P&C) market has proved remarkably resilient. Despite record breaking natural catastrophe losses in 2024, the market remains well-capitalized, and competition is healthy.

Russ Quilley

Chief Broking Officer
Commercial Risk Solutions
Canada

Headlines

Positive Developments

- Increasing capacity is accelerating market softening for preferred property risks.
- Insureds are using premium savings to increase cyber and D&O limits.
- Favorable conditions are set to continue, despite significant Q1 wildfire losses.

Challenging Developments

- U.S.-Canada trade disputes could impact exposures, premiums and claims.
- Natural catastrophe coverage constraints are being applied in Canada.
- Cyber and D&O continue to soften, but face potential headwinds.

Q1 North America Market Overview

Executive Summary

- The softening of the property market continues to accelerate as insurers pursue growth goals.
- The California wildfires in January had little market impact in Q1, but natural catastrophe coverage restrictions are being applied in Canada following record losses in 2024.
- U.S. automobile and excess liability continue to experience challenging conditions due to concerns related to nuclear verdicts and adverse litigation trends.

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Q1 North America Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
North America	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Canada	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
United States	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable

Q1 North America Market Dynamics

Pricing

Overall, pricing in North America is flat, but with softening across wide swathes of the market including in Canada, U.S. property, cyber and directors and officers. With the exception of U.S. casualty and automobile – which experienced further rate increases in Q1 – favorable pricing conditions are expected to continue, supported by ample capacity. The Los Angeles wildfires in January had little effect on U.S. property renewals, with some placements achieving double-digit rate reductions in Q1.

Capacity

In general, capacity is sufficient for most risks, but abundant in Canada and for cyber. In the U.S., capacity for property is increasing, but tightening for excess liability as insurers reduce their exposure to large losses related to adverse litigation trends. Fueled by insurer growth ambitions, Canadian market capacity – both from new market entrants and established insurers – is increasing, although some capacity restrictions remain, including critical natural catastrophes exposures.

Underwriting

While the underwriting environment remains generally disciplined, underwriters are demonstrating greater flexibility, particularly in areas targeted for growth. However, underwriting remains rigorous for more challenging risk types and lines of business, such as U.S. automobile.

Limits

Policy limits are generally renewing as expiring, with a few notable exceptions. Many insureds are taking advantage of current market conditions by evaluating their exposures and reinvesting their premium savings in the purchase of increased limits (i.e., adjusted for inflation and other business changes). Natural catastrophe limits are being capped in Canada, while U.S. excess liability limits are under pressure.

Deductibles

Most placements are renewing with expiring deductibles; however, reductions are available in some areas targeted for insurer growth. U.S. casualty programs with low deductibles and Canadian natural catastrophe exposed risks are coming under pressure.

Coverages

Most placements are renewing with expiring coverages, although insurers are offering broader coverage to attract and retain business in the most competitive segments of the market. PFAS and biometric exclusions continue to be applied to casualty placements.

Q1 North America Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
North America	Challenging	Moderate	Soft	Soft	Moderate
Canada	Moderate	Soft	Soft	Soft	Soft
United States	Challenging	Moderate	Soft	Soft	Moderate

Q1 North America Product Trends

Automobile

Conditions for U.S. automobile remain challenging, with adverse loss trends driving double-digit rate increases for some Q1 renewals. In contrast, conditions in the Canadian automobile insurance market are more moderate and improving, as insurer appetite strengthens.

Casualty

The market is two-tiered: challenged risk profiles, hazardous industries, and programs with low attachment points are facing headwinds while lower-risk profiles and preferred products are experiencing favorable conditions. Umbrella / excess liability in the U.S., for example, continues to experience the effects of adverse litigation trends and has seen a continued reduction in market capacity. In some cases, insurers have opted to completely withdraw from the market. By contrast, the Canadian market generally, as well as the U.S. workers compensation market, are performing well and experiencing healthy competition and rate reductions. PFAS, biometrics and wildfire liability exposures remain subject to underwriting scrutiny and coverage restrictions.

Cyber

Despite an increase in claims frequency and prior year loss development, market conditions for cyber remain soft. Capacity is abundant in both the U.S. and Canada, resulting in single-digit rate reductions on average. Many insureds are using these premium savings to purchase additional limits or expand coverage.

Directors & Officers

The directors and officers market remains well capitalized and highly competitive, with further rate reductions available at renewals. However, the market is moderating, with rate reductions in both primary and excess layers decelerating in recent quarters. Insurers are watching macroeconomic trends closely, and a small number have recently exited the U.S. directors and officers market.

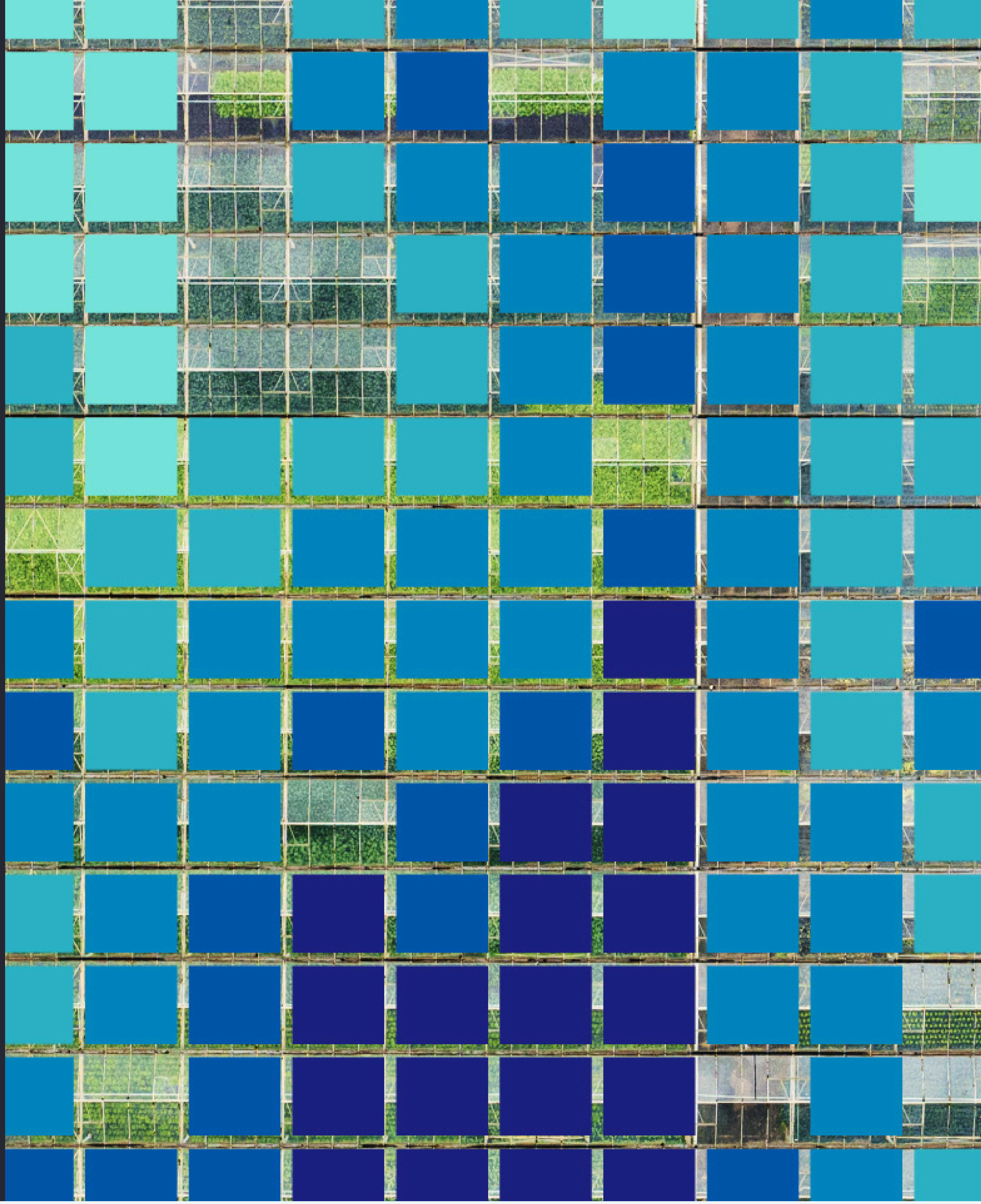
Property

Despite the Los Angeles wildfires in January, ample capacity and strong insurer results continue to drive competition and improved pricing in both the U.S. and Canada. Overall, conditions in North America remain moderate, although price softening continued to accelerate in Q1, with double-digit rate reductions achieved on some U.S. placements. Capacity is increasing and insurers are broadening their appetite, although pockets of the market still face challenges. Following record natural catastrophe losses in Canada last year, some insurers are imposing restrictions on natural catastrophe coverage, including lower sub-limits, higher deductibles, and extended waiting periods.

Q1 North America Advice for Navigating the Market Environment

- Softening market trends create an opportunity to assess your exposures, limits, deductibles, coverages and program structure and revisit compromises made in the hard market. Update your program to reflect business changes and inflationary increases.
- Evaluate your market partners through a long-term lens. Be cautious of opportunistic insurers as appetite and pricing may change as the market shifts. Partner with insurers whose values align with those of your firm.
- Position your firm to pivot should current market conditions change. Investigate long-term risk management and risk financing strategies such as structured solutions, parametric and captives.

North America Claims Overview



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Q1 North America Claims Overview

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While litigation system abuse, nuclear verdicts and settlement inflation continue to be of significant concern in the U.S., the increased proactive and collaborative mitigation efforts of insurers, policyholders, brokers and defense counsel are a positive and encouraging development.

Mike Merlo

Chief Claims Officer
Commercial Risk Solutions
United States and Bermuda

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While there are many factors in Canada that mitigate the adverse litigation trends prevalent in the U.S., Canadian policyholders are under more scrutiny when it comes to the appointment and engagement of defense counsel and the earlier involvement of insurer outside counsel.

Brian Rosenbaum

Chief Claims Officer
Commercial Risk Solutions
Canada

Headlines

Positive Developments

- Claims management efficiency is increasing through AI and technology.
- Coalitions are making progress on tackling U.S. litigation system abuse.
- Insurers are more willing to provide interim payments as claims cycle lengthens.

Challenging Developments

- Frequency and severity of U.S. liability claims is expected to rise.
- Political and economic factors may increase auto and property claims costs.
- Demand for experienced skilled claims professionals exceeds supply.

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Q1 North America Claims Overview

Executive Summary

- A confluence of adverse factors – including economic and verdict/settlement inflation – continues to fuel the rising frequency of severity of U.S. liability claims.
- Increases in natural catastrophe losses and claims due to climate change and other factors is highly likely to continue in both the U.S. and Canada.
- A rise in the number and sophistication of cyberattacks, and the complexities associated with adjusting related business interruption losses, are important areas of focus for insurers.
- Public sector liability claims are increasing in both in frequency and complexity in Canada.

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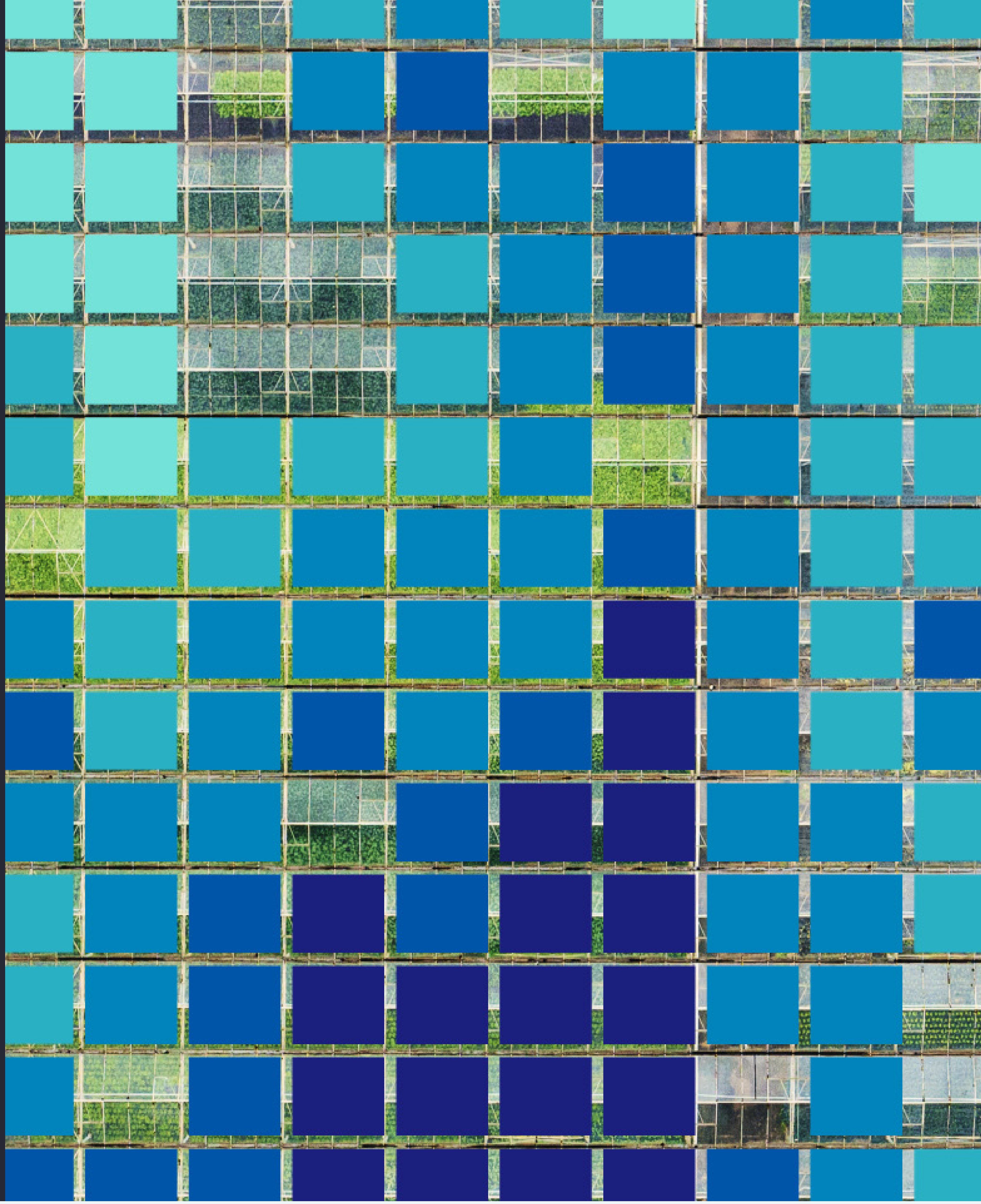
Q1 North America Advice for Navigating the Claims Environment

- Get actively involved in industry coalitions focusing on combatting U.S. litigation abuse.
- Work with your broker pre-claim to develop relationships with insurer claims personnel, and be diligent and timely in reporting claims.
- Place appropriate emphasis on insurers' claims performance when selecting insurance partners.

North America Geographic Trends



Q1 Canada Market Overview

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The Canadian market remains well capitalized, marked by healthy competition and ample capacity. Insurers continue to focus on growth, reviewing and broadening their appetite, and are willing to negotiate on terms and conditions.

Denise Hall

Managing Director
Specialty Broking Leader
Commercial Risk Solutions
Canada

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In Q1, we have seen continued momentum of the market shift we started to feel in 2024. Many domestic insurers are looking for growth while competing to retain business. This domestic competition is further fueled by increased appetite from markets outside of Canada, most notably, in London. Clients will see more options in 2025 as the market continues to evolve.

Terry Dodsworth

Commercial Broking Leader
Commercial Risk Solutions
Canada

Executive Summary

- The competitive marketplace is expected to continue throughout 2025, leading to price reductions and broadening coverages and terms at renewals.
- Insurers are expected to intensify their focus on natural catastrophe risks following record catastrophe losses in Canada last year, which could impact pricing and capacity as secondary perils are factored into risk selection and pricing.
- The potential impact of U.S. trade sanctions on clients’ revenues, profits, and business interruption, could have a negative effect on exposures and premiums. However, the shifting political environment in North America could bolster activity in the energy sector, generating demand for additional insurance capacity.

Q1 Canada Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Automobile	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Directors & Officers	Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Property	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 Canada Market Dynamics

Pricing

Increasing capacity and competition is driving pricing relief for insureds in all key lines of business; however, insurers continue to differentiate between preferred classes of business and risks with adverse loss experience and/or more challenging exposures.

Capacity

New market entrants and established players are increasing capacity as they look to grow, leading to abundant levels of capacity overall. With decreasing interest rates, investment returns are slowing, putting insurers under additional pressure to grow. Markets are more willing to purchase facultative reinsurance to increase limits and participation on property placements. Despite a well-capitalized market, some capacity restrictions have remained, including those related to ESG, critical natural catastrophe exposures and public sector casualty risks.

Underwriting

Underwriting remains disciplined and prudent, although flexibility is increasing as underwriters seek to remain competitive, especially for casualty. While insurers are demonstrating more willingness to negotiate, risk engineering and analytics continue to be the best tools for securing superior terms. In particular, insurers are pushing for meaningful mitigation measures to protect against natural catastrophe losses, such as vegetation management warranties, panel stowing capabilities, and lightning protection measures.

Limits

Limits are generally renewing as expiring, but increasing in the excess casualty market, driven by insurer growth and new capacity. There are modest limit increases in the property market, but natural catastrophe exposure limits have been capped.

Deductibles

Most placements are renewing with expiring deductibles, however, natural catastrophe-exposed risks are experiencing some increases.

Coverages

While many placements continue to renew with expiring coverages, insurers are offering broader coverages to attract and retain business, including multi-line property solutions. Casualty insurers have continued to advocate for exclusionary language for PFAS, wildfire, and certain climate change-related perils.

Q1 Canada Product Trends

Automobile

Conditions in the automobile insurance market are moderate, yet improving, as insurers focus on maintaining profitable returns. The appetite for fleet placements has broadened. Despite improving market conditions, challenges remain. Construction sector risks continue to experience underwriting rigor and firm market conditions. U.S. automobile also remains challenging, with upward pressure on primary limits before excess casualty insurers attach.

Casualty

The Canadian casualty market is expected to remain competitive in 2025, particularly for excess layers. Insurers are deploying more capacity than in recent years, although not at pre-hard market levels. Loss-free preferred risks that provide thorough underwriting details tend to experience superior outcomes. In contrast, adverse liability trends in the U.S. could impact pricing and further strain capacity for risks with U.S. exposure. Exclusionary language for PFAS, climate change, and wildfire has continued. Appetite is expanding for casualty risks in the energy sector, and the power and renewables market is seeing a resurgence in long-term agreements.

Cyber

Despite an increase in claims frequency, buyer-friendly market conditions are expected to continue, especially for high excess layers, driven by competition and new capacity. Many insureds continue to use cyber modeling tools to support purchasing decisions and determine the appropriate limit levels. Fulsome submission information and robust controls and/or risk improvements can drive positive results at renewal, while a lack of submission information may result in a negative outcome.

Directors & Officers

Following several years of softening, the directors and officers market has begun to stabilize in 2025, in particular, for publicly traded companies. Private, not-for-profit companies and financial institutions have experienced some moderate adjustments, while financially distressed companies face a challenging environment Overall, capacity is abundant, and coverage remains broad. Underwriters, however, remain cautious when it comes to retention levels and are watching the general economic context very closely.

Property

Ample capacity and profitability are driving competition in the property market, creating opportunities for improved coverage and pricing. Appetite is broadening and many insurers that were not quoting excess or primary risks now are. Significant rate reductions can be achieved when competition is fiercest, especially for risks that have undergone substantial rate increases during the hard market. However, following record losses in 2024, Canadian natural catastrophe risks are a particular concern. Some insurers have imposed stricter natural catastrophe coverage constraints, including lower sub-limits, higher deductibles, and extended waiting periods. Some insurers are applying deductibles to wildfire risks based on percentages traditionally used for earthquake, flood and wind exposures. Insurers are also monitoring potential U.S. trade tariffs, which could lead to a challenging landscape for multinational risks, increasing exposures and requiring clients to seek additional limits and capacity. Current levels of capacity and competition are helping to mitigate the impact of these challenges.

Q1 United States Market Overview

Despite continued softening of the property market, we recommend clients consider alternative risk transfer products to ensure nimbleness in the event of an unexpected change in market conditions.

Vincent Flood

National Property Practice Leader
Commercial Risk Solutions
United States

Utilizing Aon's proprietary analytical tools further enables us to distinguish our clients in the marketplace, while identifying and quantifying potential alternative structures, deductible thresholds and Umbrella / Excess attachment points. Doing so ensures optimal results and the implementation of a sustainable program. In addition, we recommend exploring casualty only or multi-line alternative risk transfer solutions, thus allowing for a prescriptive approach to managing total cost of risk in a challenged casualty marketplace.

Matthew Hannon

National Casualty Practice Leader
Commercial Risk Solutions
United States

Executive Summary

- Workers compensation remains competitive, but automobile and excess liability have continued to experience challenging conditions due to concerns related to nuclear verdicts and adverse litigation trends.
- The softening of the U.S. property market accelerated in Q1, with some preferred risks beginning to see double-digit reductions as capacity and insurer appetite has continued to grow.
- The Los Angeles wildfires in January had negligible impact on Q1 property renewals; favorable market conditions are expected to continue through Q2 as insurers pursue growth goals.

Q1 United States Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Automobile	Challenging	+1-10%	Ample	Prudent	Flat	Flat	Stable
Casualty	Moderate	+1-10%	Ample	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Prudent	Increased	Flat	Stable
Directors & Officers	Soft	-1-10%	Ample	Prudent	Flat	Flat	Stable
Property	Moderate	-1-10%	Abundant	Prudent	Flat	Flat	Stable

Q1 United States Market Dynamics

Pricing

Losses from the recent Los Angeles wildfires did not have a material impact on property pricing. While still moderate, softening conditions in property have continued to accelerate, with some placements achieving double-digit rate reductions. For casualty, workers compensation has continued to see rate reductions, while increases have been the norm for automobile and excess liability. Cyber and directors and officers pricing remains generally soft.

Capacity

In general, capacity is sufficient for most risks. For property, insurers continue to increase line sizes, while shared and layered programs are seeing significant competition and oversubscription. Additional non-catastrophe excess capacity has also been entering the market. Capacity for cyber and directors and officers is ample-to-abundant, with new players continuing to enter the market. In contrast, capacity for excess liability has tightened as insurers continue to limit their exposure to large losses from nuclear verdicts and adverse litigation trends.

Underwriting

Property insurers continue to focus on underwriting profitability, although underwriters are beginning to quote risks they may have previously declined in order to achieve their growth goals. Increasing levels of competition and capacity are supporting a more flexible underwriting environment for cyber and directors and officers. For more challenging risk types and lines of business, such as automobile, insurers are requesting more detailed information.

Limits

Most placements are renewing with expiring limits, although some buyers of cyber, directors and officers and property insurance are reinvesting premium savings to purchase higher limits.

Deductibles

Most placements are renewing with expiring deductibles, although reductions are available on preferred products and risk types. Casualty programs with low deductibles or attachment points may come under pressure.

Coverages

Most placements are renewing with expiring coverages, although coverage enhancements are available on preferred products and risk types. PFAS and biometric exclusions have continued to be applied in casualty.

Q1 United States Product Trends

Automobile

Market conditions remain challenging, with adverse loss trends driving up to double-digit rate increases for some renewals. Clients continue to explore alternative risk solutions, captives and increased risk retentions to mitigate price increases. Heavy underwriting scrutiny is being applied, especially for larger fleets, and those with significant hired/non-owned or contingent exposures. Insureds can expect underwriting questions around fleet safety, risk mitigation procedures, and contract requirements.

Casualty

While conditions overall remain moderate, the casualty market continues to be affected by rising litigation costs. The market remains two-tiered across both primary and umbrella/excess, with certain risk classes, and programs with adverse loss experience or low deductibles or attachment points experiencing significant challenges. Capacity for excess liability has tightened as insurers evaluate deployed capacity, with some reducing limits or withdrawing from the market. In contrast, workers' compensation remains a desirable market where many insurers are looking to grow and compete through modest rate reductions. PFAS and biometrics remain subject to underwriting scrutiny and exclusionary wording.

Cyber

Market conditions remain soft, despite increasing claims frequency and poor loss development on prior year claims. Capacity is abundant, and single-digit rate reductions remain the norm. Many insureds are using their premium savings to purchase additional limits or expand coverage. Soft market conditions in the face of poor loss development is giving rise to insurer concerns and further market developments are expected in 2025.

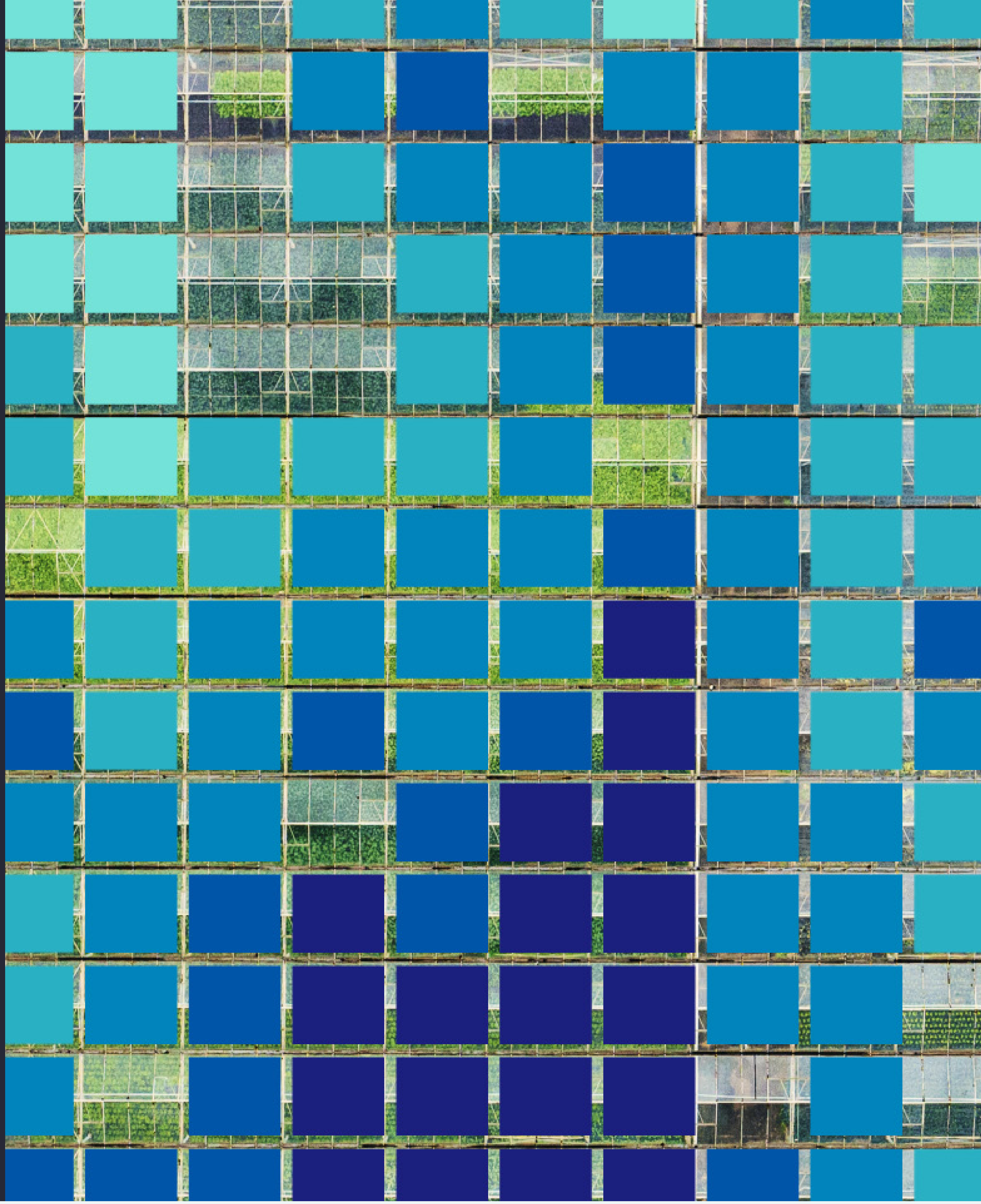
Directors & Officers

The directors and officers market remains competitive, although rate reductions in both primary and excess layers have been decelerating as insurers turn their attention to the need for sustainable pricing. Insurers are watching macroeconomic trends closely, while derivative lawsuits remain a concern as settlement severity rises. A small number of insurers have exited the U.S. directors and officers market recently – Aon is carefully monitoring this development.

Property

The Los Angeles wildfires in January, which are expected to cost the industry more than $30 billion, have not significantly affected capacity or pricing for U.S. property insurance. Overall, conditions remain moderate. Price softening continued to accelerate in Q1, with double-digit rate reductions achieved on some placements. Rate and capacity pressure has generally been limited to risks with significant wildfire exposure. Property catastrophe and non-catastrophe capacity has continued to grow, with insurers increasing line sizes and shared and layered programs experiencing oversubscription. California earthquake capacity has also become more readily available. Insurers are beginning to quote risks they may have previously declined in order to hit growth goals, although risks with significant losses continue to come under pressure. It should be noted that an active hurricane season could serve to temper the current environment.

Pacific Market Overview



Q1 Pacific Market Overview

Competition for low hazard risks in the middle market continues to intensify and we see greater alignment of coverage across programs and placements, which is beneficial to insureds.

Tracy Riddell

Head of Product and Platforms
Commerical Risk Solutions
Australia

Executive Summary

- Bushfire exposures are again topical following the Los Angeles wildfires in January, which, whilst damaging, are unlikely to have pricing repercussions for the Australia and New Zealand market.
- Cyclone Alfred was a natural catastrophe event of note this year, however the impact on the market is expected to be modest given a large portion of the loss will be ceded to ARPC (Australian Reinsurance Pool Corporation, the Cyclone Pool).
- Heightened geopolitical instability has not led to material changes in property coverage, with continued availability of strike riot and civil commotion cover in the Pacific region.

Headlines

Positive Developments

- Capacity is abundant across all lines as insurers look to diversify.
- Underwriters are becoming more flexible in target growth areas.
- New capacity driving favorable pricing for cyber insurance.

Challenging Developments

- Natural catastrophe exposures remain challenging in the Pacific.
- U.S. exposed casualty risks subject to rigorous underwriting.
- Evolving D&O landscape presenting challenges.

Q1 Pacific Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Pacific	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Australia	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
New Zealand	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable

Q1 Pacific Market Dynamics

Pricing

Pricing in Australia is improving across most lines of insurance, although pockets of property, casualty and automobile have seen increases. In New Zealand the pricing environment is moderate overall, with notable decreases for preferred risks in cyber and property.

Capacity

Capacity is abundant for all lines in Australia except automobile. In New Zealand, targeted growth areas like cyber are seeing additional capacity enter the market. Property placements with natural catastrophe exposures in certain locations may experience capacity constraints.

Underwriting

In Australia, more flexible underwriting is evident, especially in areas targeted for growth. Casualty underwriting, however, remains more prudent. In New Zealand, underwriting discipline continues for most lines as insurers focus on detailed risk information. Directors and officers placements are experiencing greater flexibility.

Limits

Most placements are renewing with expiring limits; however, limit increases are available, particularly for cyber and well-managed property risks. Insureds are encouraged to validate property limits with updated valuations to address on-going inflation and supply chain pressures.

Deductibles

Most placements are renewing with expiring deductibles. The notable exceptions are automobile in Australia, where deductibles have increased to address adverse loss trends, and property, where deductibles may increase to manage natural catastrophe exposure for specific perils and locations.

Coverages

Most placements are renewing with expiring coverages; however, there is greater alignment of property coverage across programs from insurers and some insureds are using premium savings to purchase broader cyber coverage.

Q1 Pacific Product Trends

	Automobile	Casualty	Cyber	Directors & Officers	Property
Pacific	Moderate	Moderate	Soft	Soft	Soft
Australia	Moderate	Moderate	Soft	Soft	Soft
New Zealand	Moderate	Moderate	Soft	Moderate	Moderate

Q1 Pacific Product Trends

Automobile

The automobile insurance market continues to be shaped by increased claims severity in Australia, which has led to modest price increases and higher deductibles. Conditions are more moderate in New Zealand where higher claims costs from advanced vehicle technology are now largely priced in. Large well-managed fleets with a strong risk management focus are attracting increased competition.

Casualty

The casualty market in New Zealand is broadly stable, reflecting ample capacity and the absence of bodily injury exposure, which is retained by the public sector. In Australia, the market is bifurcated: preferred risks are attracting favorable terms and pricing, while U.S. exposed risks, and those with abuse, bushfire and ESG considerations are more challenging due to capacity constraints.

Cyber

New capacity is driving increased competition, with a positive impact on pricing. Claims trends are developing following widespread events in 2024 which may impact insurer loss ratios over the mid-term. Underwriting discipline remains strong, although there are opportunities for insureds to increase limits and obtain broader coverage.

Directors & Officers

Abundant capacity continues to drive year-on-year premium savings in Australia, while pricing is generally flat in New Zealand. The evolving risk landscape presents new challenges and regulatory obligations for insureds, with insurers focusing on ESG factors, climate-related disclosures, and cyber governance. In Australia, the outcome of two appeal court cases should clarify the direction of securities class actions, which could influence insurers' future appetite and terms.

Property

The Pacific property market overall continues to soften, with rate reductions and increased capacity in Australia and New Zealand. Placement for high-hazard, natural catastrophe exposed, poorly risk-managed and claims-affected accounts remains challenging. Bushfire exposures are again topical following the Los Angeles wildfires in January, which, whilst damaging, are unlikely to have pricing repercussions for the Australia and New Zealand market. Cyclone Alfred was another natural catastrophe event of note this year, however the impact on the market is expected to be modest given that large portion of the loss will be ceded to ARPC (Australian Reinsurance Pool Corporation, the Cyclone Pool).

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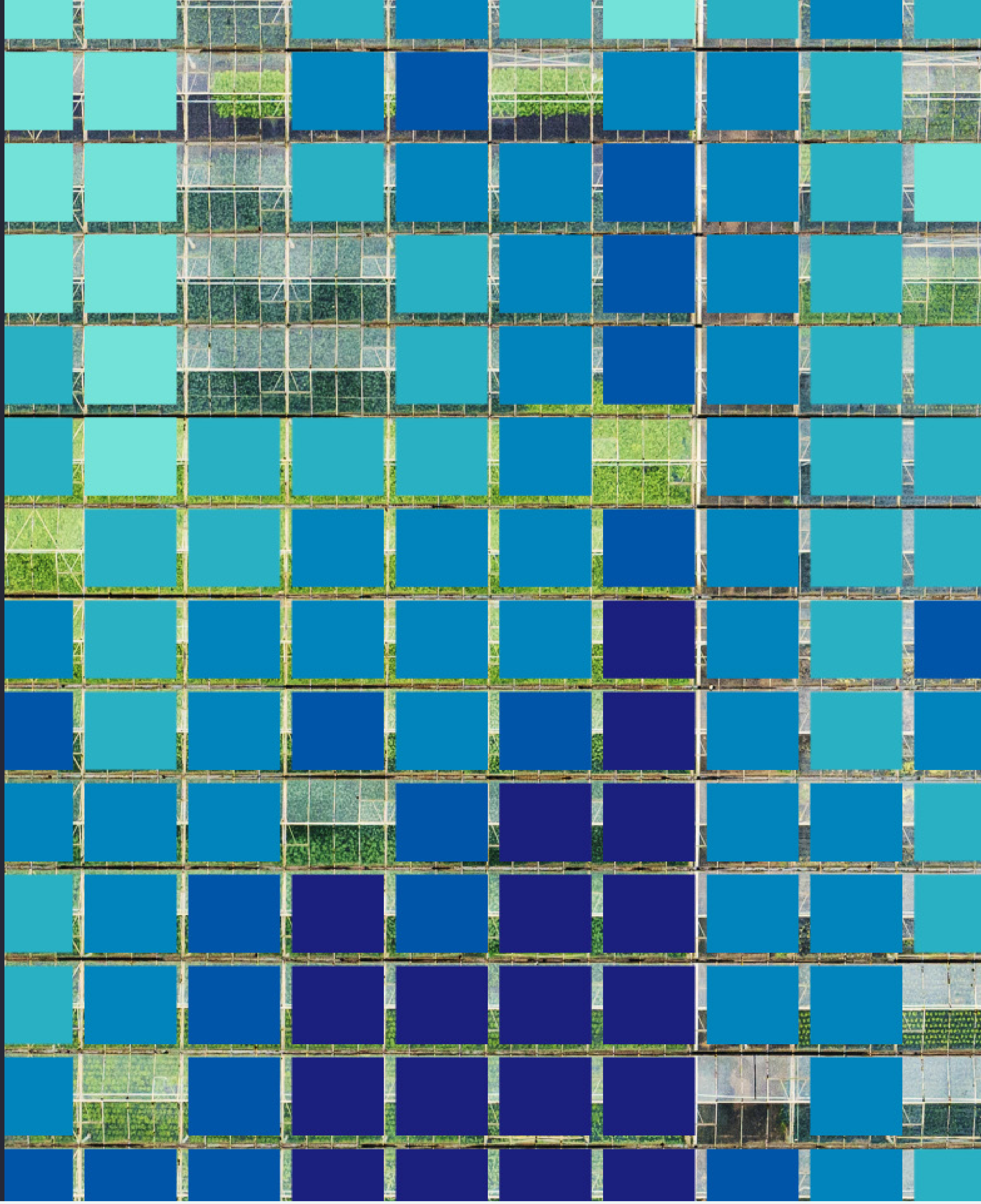
Q1 Pacific Advice for Navigating the Market Environment

- Use risk analytics to validate policy limits and deductibles and quantify optimum risk transfer points.
- Challenge property policy limits with updated valuations to address inflation and supply chain pressures.
- Consider alternative risk transfer and structured solutions to carve out challenging exposures and drive competition for traditional placements.
- Focus on delivering comprehensive underwriting information to differentiate risk, and explore alternative markets to introduce competitive tension into local pricing.
- Clients looking for pricing and coverage stability in casualty can consider nurturing existing relationships and exploring long term agreements.

Pacific Claims Overview



Q1 Pacific Claims Overview

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In the Pacific region, claims trends have been somewhat benign for some time, with a fall in the number of catastrophes and with claims volumes at a manageable level. However, there has been a continued steady increase in claim costs stemming from frictional costs in supply chains, which has an impact on claims reserves and the overall cost of insurance.

Mark Ronan

Chief Claims Officer
Commercial Risk Solutions
Pacific

Executive Summary

- Catastrophe claims have been relatively benign with few large weather events in the Pacific region in 2024.
- An increase in building regulation in Australia is impacting insurance following high profile major losses, such Mascot Towers - the high-rise residential building deemed uninhabitable in 2019 after structural defects were discovered.
- The number of class actions in Australia has increased substantially. There are now around 1,000 class action claims in the Australian courts, with a rate of around one new case filed per week on average.
- There has been a notable increase in liability and professional indemnity claims in Australia related to combustible cladding materials used in the construction of high-rise buildings.

Headlines

Positive Developments

- Insurer response times in resolving and settling claims continues to improve.
- Insurer and broker use of technology to process claims continues to evolve.
- Insurers more willing to negotiate on difficult claims due to market conditions.

Challenging Developments

- Deregulation not on the horizon in Australia.
- Class action litigation in Australia: here to stay.
- Cladding crisis continues to create challenges for liability claims.

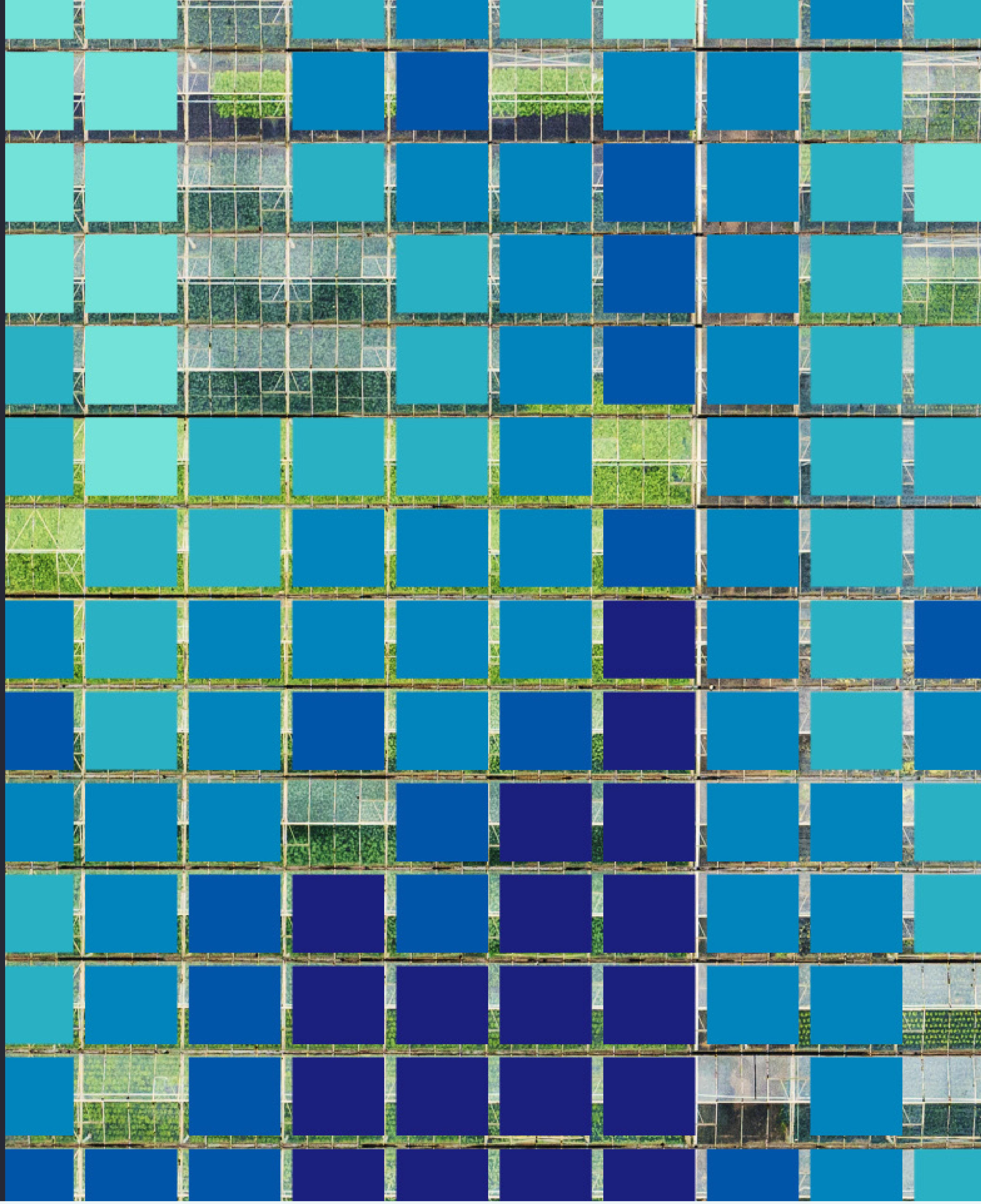
Previous
Pacific Claims Overview

Next
Pacific Advice for Navigating the Claims Environment

Q1 Pacific Advice for Navigating the Claims Environment

- Be proactive in identifying and notifying your broker of emerging risks to ensure coverage.
- Engage with your broker at the earliest opportunity once a potential claim arises.
- Be commercial and realistic in resolution of disputed claims.

Pacific Geographic Trends



Q1 **Australia Market Overview**

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Market conditions continue to develop positively across all lines of insurance, with the notable exception of U.S. exposed casualty, which is attracting more scrutiny and rigorous underwriting. Heading into Q2, competition for non-complex and mid-market risks is accelerating and those insurers with a flexible approach are well positioned to take advantage of the rapidly changing market environment.

Tracy Riddell

Head of Product and Platforms
Commercial Risk Solutions
Australia

Executive Summary

- Capacity in the Australian insurance market is abundant, driven by improvements in insurers’ underwriting results and a favorable investment income environment.
- In early March, Cyclone Alfred impacted parts of Queensland and New South Wales, with insured losses expected to be in the range of AUD1-1.5bn. The impact on the market is expected to be modest given a large portion of the loss will be ceded to the Australian Reinsurance Pool Corporation (ARPC).
- Social inflation persists in long-tail portfolios; insurers observe increased latency, frequency and severity of claims impacting their results.

Q1 Australia Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Automobile	Moderate	+1-10%	Ample	Flexible	Flat	Increased	Stable
Casualty	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Broader
Directors & Officers	Soft	-11-20%	Abundant	Flexible	Flat	Flat	Stable
Property	Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable

Q1 Australia Market Dynamics

Pricing

Overall, most lines of business are seeing modest reductions, with the key exception of automobile, where rates have continued to increase in response to increased claims severity. Competition continues to strengthen, although pockets of risk remain more challenging, such as U.S. exposed casualty and natural catastrophe-exposed property risks.

Capacity

Capacity is abundant across almost all major classes of business as insurers look to grow, and with new players having entered the market for cyber and directors and officers. While competition for preferred property risks continues to intensify, natural catastrophe risks may experience capacity constraints, in particular, for Northern Queensland.

Underwriting

Underwriting is now generally more flexible as insurers compete to retain and win new business. Having been prudent in the fourth quarter, cyber underwriting is now flexible as more capacity flows into the market.

Limits

Limits are broadly stable, although some insureds are opting to reinvest premium savings in the purchase of increased limits. Property policy limits are being reviewed to reflect updated valuations and on-going inflation and supply chain pressures.

Deductibles

Deductibles are increasing in two targeted pockets: automobile placements, as insurers seek to address rising claims inflation, and property placements, as insurers seek to address certain natural catastrophe perils. In other lines, most placements are renewing with expiring deductibles, although decreases are available for some well performing risks.

Coverages

In a positive development for property risks, competition is leading to greater alignment of coverage across programs. Overall, coverages are stable, although some clients are taking advantage of more favorable conditions to purchase broader coverages, particularly for directors and officers and cyber. Despite heighted geopolitical instability, underwriting has remained broadly unchanged as respects strike, riots and civil commotions coverage in Australia property policies due to a benign local environment.

Q1 Australia Product Trends

Automobile

The market continues to be shaped by increased claims severity, which has led to modest price increases and higher deductibles. Supply chain challenges have eased, stabilizing inflationary pressure for auto parts, although labor shortages and increasing vehicle technology enhancements continue to affect the cost of claims. Competition has strengthened for large light fleets in low hazard sectors, although poor performing risks have continued to experience sharp price increases.

Casualty

The casualty market is increasingly bifurcated. Preferred risks are attracting favorable terms and pricing due to increased competition and capacity. Complex and U.S. exposed risks, certain ESG-related sectors, and placements that include bushfire exposure are more challenged. Social inflation persists in long tail portfolios and insurers observe increased latency, frequency and severity of claims impacting their results. This is largely driven by Worker-to-Worker claims; insurers estimate that claims historically settled in 5-10 years are now taking 10-12 years, which is compounded by inflation and the fact that claims are settling at higher values than previously.

Cyber

Capacity in the cyber market is abundant after an influx of new capacity in 2024 and as most established insurers increased their line sizes. Premium reductions and broader coverage are available for clients with an improving risk profile. However, claims trends are starting to deteriorate following a number of significant widespread events in 2024, which may impact insurer loss ratios over the mid-term.

Directors & Officers

Competitive market conditions prevail for Australian buyers of directors and officers insurance, with abundant capacity driving year-on-year premium savings. Overall insurer appetite and positive market dynamics are expected to lead to positive outcomes for most clients. The outcome of two important Australian High Court appeal cases should clarify the direction of the securities class action landscape, which could influence insurers' future appetite and terms.

Property

A more favorable macro-economic and investment environment is attracting additional capacity into the market, driving increased competition for well performing, preferred property risks. High-hazard, natural catastrophe exposed risks, along with poorly risk managed and claims affected risks, continue to face more challenging conditions. Whilst Alfred could have had the impact to drive an element of pricing instability, the low loss expectancy is likely to continue to fuel insurer appetite and improved conditions for buyers.

Q1 New Zealand Market Overview

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Following rate increases and coverage restrictions in response to historic storms in 2023, more benign weather in 2024 has seen property pricing ease and a strengthening of competition for most of the market. Clarity on government climate adaptation funding will be key to ensuring that market conditions continue to improve.

Angus McCullough

Head of Commercial Risk Solutions
New Zealand

Executive Summary

- More favorable reinsurance conditions and a benign claims environment are driving insurer profitability, leading to price reductions on property risks.
- While the property market continues to soften, flood and earthquake exposures remain challenging. The insurance industry continues to push for clear climate adaptation funding and long-term planning in order to build resilience.
- While current market conditions present an ideal opportunity for insurance buyers to expand and enhance their insurance programs, local economic conditions are affecting buyers' ability to take advantage of such conditions.

Q1 New Zealand Market Dynamics

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable
Automobile	Moderate	Flat	Abundant	Flexible	Flat	Flat	Stable
Casualty	Moderate	Flat	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-1-10%	Abundant	Prudent	Increased	Flat	Broader
Directors & Officers	Moderate	Flat	Ample	Flexible	Flat	Flat	Stable
Property	Moderate	-1-10%	Ample	Prudent	Flat	Flat	Stable

Q1 New Zealand Market Dynamics

Pricing

Overall, market pricing is improving, particularly for property, where a benign claims environment, favorable treaty reinsurance pricing and increased competition are creating favorable impacts.

Capacity

Capacity is ample-to-abundant across all segments, although higher hazard property risks, particularly those with significant natural catastrophe exposures, continue to face challenges.

Underwriting

Underwriting discipline continues across all lines as insurers require detailed risk information to support informed decision-making. Underwriting for automobile, casualty and directors and officers is flexible as insurers respond to increasing competition and benign claims environments in recent years.

Limits

Most placements are renewing with expiring limits, although some buyers are reviewing limit options, mostly to manage program pricing. The favorable cyber environment – with robust capacity, competitive pricing and flexible underwriting – is providing opportunities for clients to reinvest premium savings in the purchase of higher limits.

Deductibles

Most placements are renewing with expiring deductibles, although some risks with poor loss history may face corrective deductible increases.

Coverages

Coverages are largely stable across the market with some easing of policy conditions and coverage extensions becoming more common, e.g., an automobile insurer has introduced post-loss roadside assistance services to all policies at no additional cost.

Q1 New Zealand Product Trends

Automobile

While moderate conditions continue for automobile, large, well-managed fleets with a strong risk management focus can generate greater pricing competition. The higher cost of claims from advanced technology in modern vehicles is now largely priced in.

Casualty

The casualty market continues to be competitive with clients able to purchase limits as required. Pricing remains largely flat but there are opportunities to negotiate more favorable terms at renewal. Exporters, particularly those with North American exposures, may not experience the same level of competition as those who operate only locally. Some pricing relief can be obtained through higher deductibles.

Cyber

New capacity that entered the cyber market in 2024 has resulted in greater competition and a downward trend in pricing. There are also opportunities for buyers to increase limits and obtain broader coverage. However, underwriting discipline remains strong, and there are indications that claims are starting to trend upward.

Directors & Officers

The moderate market conditions experienced during 2024 is forecasted to continue in 2025. Insurers are flexible in their underwriting approaches, particularly when competition is introduced. A key exception relates to companies that are experiencing financial difficulties. Such companies are facing significant challenges, including mandatory coverage restrictions.

Property

Following a relatively benign claims environment in 2024, the property market has entered a softening phase. Increased competition, particularly from London markets, has led to price reductions and capacity increases targeted toward the corporate property segment, with commercial and SME risks not yet seeing the same level of price reductions. There are still some pockets of challenging market conditions, generally for lower quality risks with significant earthquake and flood exposures. Alternative risk transfer solutions, including parametric, are increasingly being leveraged.

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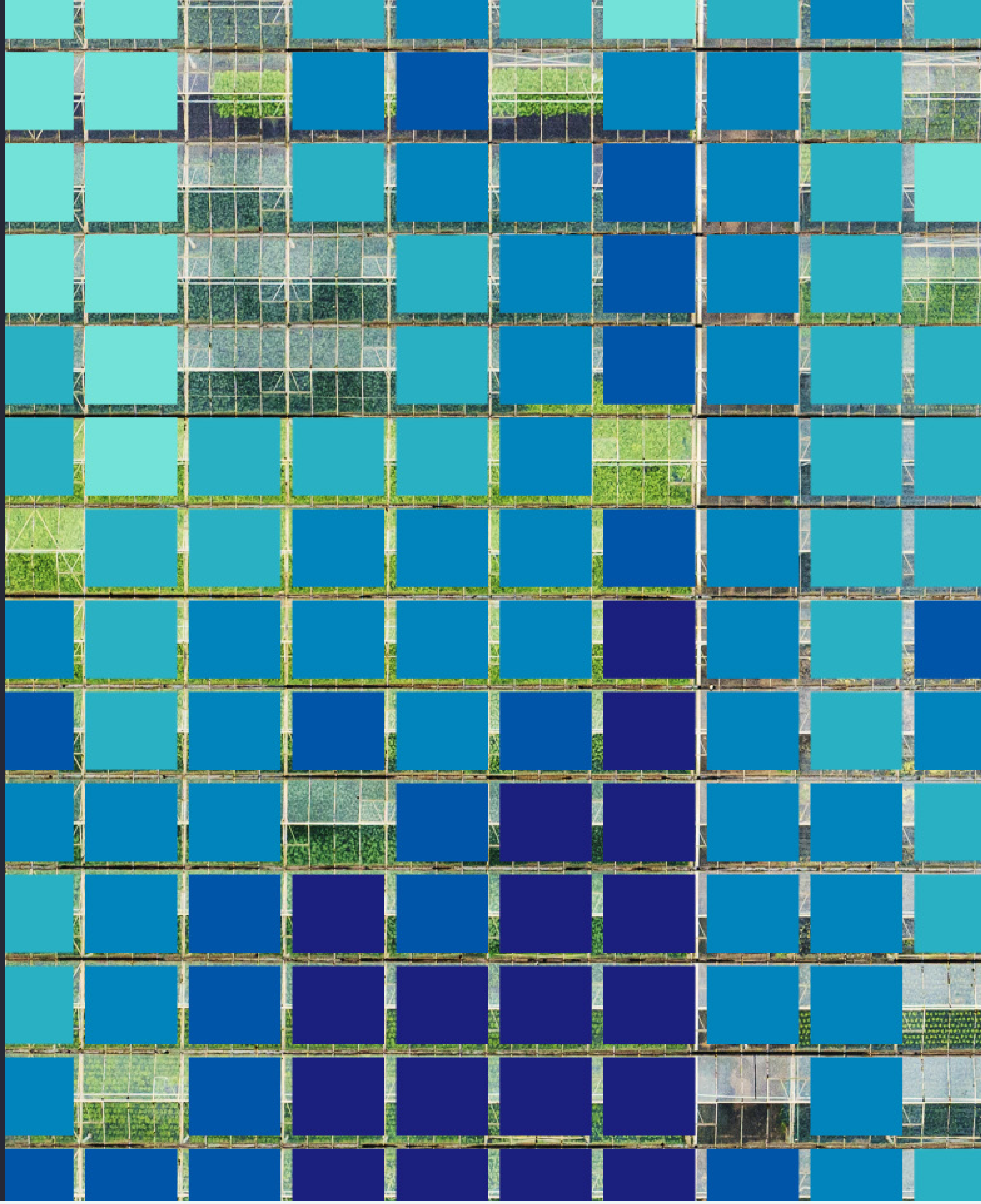
Contacts



About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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