



Navigating Executive and Professional Liability in a Soft but Selective Market

Q4 2025 Market Update

Featuring insights from Will Walker, President, Symphony Specialty

At Symphony Risk, we help leadership teams anticipate—not just react to—what’s next. As we begin the fourth quarter of 2025, executive and professional liability markets remain soft but there are some early indicators of rate stabilization. Although early, the recent exit of Markel for certain lines of Specialty, the purchase of Everest’s renewal rights by AIG, and the purchase of IQUW during the second half of the year, may be a foreshadowing of more consolidations to come.

Incumbent insurers continue to face renewal rate pressure. Double digit decreases are still prevalent when a comprehensive marketing effort is undertaken. The abundance of insurance capacity and competition among insurers remains high. Yet beneath that favorable surface, underwriting scrutiny, regulatory shifts, and emerging litigation trends are reshaping the landscape for corporate boards.

Market Overview

While soft market conditions persist, placement has become increasingly nuanced. Many insurers are re-emphasizing underwriting fundamentals and requesting greater operational transparency before extending terms. In some cases, insurers are willing to risk losing business rather than compromise on data quality or control standards, a sign that deeper engagement in the placement process is becoming the norm.

Forces Shaping the Market

- **Regulatory Flux:** DEI enforcement, AI governance, and cyber-disclosure rules are expanding oversight and personal accountability for executives.

- **Economic Pressure:** Tightening credit and supply-chain volatility heighten bankruptcy and downsizing risk—common precursors to D&O and EPL claims.
- **Litigation Funding:** Institutional investors and funding firms continue to amplify claim severity, particularly in shareholder and employment actions.
- **Technology Misuse:** “AI washing” and over-reliance on unvalidated outputs pose reputational and securities-disclosure risk.

Key Line Trends

Private Company D&O – Soft Conditions, Selective Discipline

The private-company D&O market remains soft, supported by new entrants both - traditional and MGA/Insurtechs. Coverage terms are broad, and capacity is abundant, but underwriters are zeroing in on management controls, operating cash flow and a clear understanding of the 12-18-month cash burn and covenant compliance. Loss activity continues to be severity-driven rather than frequency, most often linked to financial mismanagement or regulatory matters.

Public Company D&O – Opportunity Amid Litigation Headwinds

According to Leader’s Edge (October 2025), the D&O market is experiencing its softest conditions since 2017, with lower premiums and broadening terms. However, several new exposures are reshaping the outlook:

- **AI washing:** Companies overstating their use of AI to boost valuations—already 12 lawsuits this year, nearly 10% of all class actions.
- **DEI backlash:** Litigation arising both from implementing and not implementing DEI initiatives, spanning shareholder suits and regulatory scrutiny.
- **Massive verdicts:** Courts awarding unprecedented attorney fees, including a \$345 million award in the Musk/Tesla case.

The near-term outlook calls for an eventual rate correction, modest tightening of underwriting guidelines, and stabilization over the next 12–18 months.

Improved Data-Driven Data Analytics are creating approach to how D&O exposure and benchmarking is evaluated

The **SAR U.S. Securities Litigation Risk Report (July 2025)** underscores how volatility in corporate disclosures is driving litigation exposure.

- Public companies experienced **\$11.8 trillion in aggregate market-cap losses** tied to significant adverse disclosure events—a record high.
- **Frequency and severity** of “High-Risk” events both increased this year, led by **Information Technology, Health Care, and Financials**.
- The **median SAR Risk Score** across U.S.-listed firms rose to **18.9%**, signaling a broad-based escalation in securities-litigation vulnerability.

These data points reinforce our view that the D&O market may be soft on pricing, but the underlying litigation environment is far from quiet. The macro-economic uncertainties and social unrest could lead to shifts and an exiting of the newer entrants in the market.



Employment Practices Liability (EPL) – Patchwork Pressure

EPL remains soft overall, but regional tightening persists—especially in California, where insurers are imposing higher retentions or wage-and-hour exclusions. The interplay between federal rollbacks and state-level DEI

“Federal policy is pulling back while certain states are adding protections. That divergence is what’s driving increase in the expense of defense of claims.”



Crime – Converging with Cyber

Insurers are underwriting crime coverage with the same rigor they apply to cyber. Employee dishonesty and social-engineering losses remain key drivers. Coordinating “other insurance” clauses between crime and cyber programs is critical to ensure the lower-retention policy responds first—avoiding costly coverage disputes.



Fiduciary – Low Cost, Heightened Attention

Fiduciary liability remains inexpensive and widely available, but underwriters are watching excessive-fee litigation more closely. Regular review of plan-fee schedules and governance documentation is recommended.



Cyber – Stable Pricing, Escalating Risk

Cyber capacity is at record highs and pricing has yet to stabilize. The threat environment continues to evolve. AI-enabled attacks, ransomware-as-a-service, and deep-fake fraud are rising concerns.

We strongly encourage clients to use the free risk-assessment and scanning tools in their cyber policies. Underwriters view participation as a positive control, and it often leads to better renewal outcomes.

Q4 2025 Action Plan

Reassess Coverage Structure	Reinforce Governance Documentation	Audit Employment and Termination Practices	Coordinate Crime and Cyber Programs	Use Insurer-Provided Risk Services
Confirm limits, retentions, and Side-A protection align with today’s valuations and liquidity environment.	Boards that demonstrate oversight—especially around AI, ESG, and cyber—will differentiate themselves in underwriting.	Document reviews, ensure consistency, and train managers to mitigate retaliation or discrimination claims during workforce reductions.	Clarify primary versus excess status between policies to avoid uninsured gaps in social-engineering losses.	Free scans, tabletop exercises, and phishing-simulation tools directly reduce both exposure and pricing friction.

Looking Ahead

The executive and professional liability market is soft but selective. Rates may be favorable, yet underwriting expectations are rising and external pressures—from regulation to litigation funding—are redefining risk.

For clients, this is an opportunity. Companies that act now—strengthening governance, aligning programs, and engaging early—will secure the best terms before corrective pricing returns.

At Symphony Risk, we help clients do exactly that. Our Specialty business partners with leadership teams to assess exposure, prepare renewal strategies, and structure programs that stand up when tested. Whether you're reviewing coverage or expanding your risk management framework, Symphony Specialty brings deep market access, strategic guidance, and the experience to turn insight into advantage.

Stable pricing is welcome, but the smart move is to use this window to strengthen controls and prepare for the next turn in the cycle.”

If your leadership team is reviewing D&O, EPLI, or Cyber coverage—or planning for 2026 renewal—now is the time to connect with Symphony Risk.

Let us Play for You!

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