



Q1 2026 Market Update

Navigating the Property and Casualty Landscape

As we enter 2026, the property and casualty environment for real estate owners, developers, and contractors is stabilizing in some areas. Capacity is returning selectively, pricing pressure is easing in parts of the market, and underwriters are engaging more constructively than they have in recent years.

That does not mean the market has become easier. It remains uneven, highly selective, and far less forgiving of outdated assumptions. For middle-market firms in particular, the margin for error continues to narrow.

Market Snapshot: Stabilization With Narrow Margins

Property Markets Are Stabilizing Selectively

In many regions and asset classes, property capacity is improving and rate momentum is slowing. Well-performing accounts, particularly those outside high-hazard CAT zones, are seeing more competition and improved terms. At the same time, insurers remain cautious in wildfire-, flood-, and storm-exposed areas, where underwriting scrutiny remains high and pricing discipline is firmly in place.

Casualty Remains Volatile

Casualty continues to be a pressure point across the market. Rising claim severity, social inflation, and litigation trends are influencing underwriting behavior in excess and umbrella liability, commercial auto, and contractor-driven exposures. Capacity exists, but it is being deployed carefully and often requires deliberate program structure to achieve usable limits.

This Is Not a Broad “Soft” Market

While some segments are improving, others remain constrained. What stands out in 2026 is how uneven the market has become. Outcomes are increasingly shaped by how risk is presented and structured, not simply by market timing.

Sector-Specific Insights

Commercial Property: Stabilizing, With Clear Boundaries

Outside of high-risk CAT zones, rate relief is becoming more common. Insurers are paying closer attention to replacement cost accuracy, loss prevention measures, and geographic concentration. In wildfire- and flood-exposed regions, capacity remains limited and pricing continues to reflect concern around loss volatility.

Commercial Auto: Gradual Improvement, Persistent Headwinds

Rate increases are moderate but remain elevated. Loss trends driven by distracted driving, rising repair costs, and litigation continue to influence underwriting decisions. Fleet composition, driver controls, and loss history remain important differentiators.

Excess and Umbrella Liability: Still a Pressure Point

This remains one of the most challenging areas of the market. Insurers are closely managing aggregate exposure after several years of outsized losses. Accounts requiring significant limits should expect layered programs, tighter attachment points, and increased scrutiny of underlying risks, particularly those tied to auto and construction operations.

Professional Liability: Increasing Selectivity

Architects, engineers, and construction-adjacent professional risks are seeing heightened underwriting attention. Contract terms, project scope, and historical claims activity are playing a larger role in pricing and capacity decisions as insurers work to manage severity risk.

Forces Insurers Are Pricing In

Climate Risk is Now Embedded in Underwriting

Wildfires, flooding, and severe weather are no longer treated as exceptional events. Geographic exposure has become a primary underwriting consideration, even in regions previously viewed as stable. This is changing where property can be placed, how portfolios are evaluated, and how much volatility insurers are willing to accept.

Social Inflation Continues to Influence Casualty

Escalating jury awards and rising litigation costs are driving more conservative underwriting behavior. Higher retentions, narrower coverage, and tighter terms – particularly on umbrella layers – are becoming more common across casualty programs.

Inflation and Cost Pressure Still Matter

Construction material costs and labor expenses continue to affect claim severity and insured values. Accurate valuations and realistic assumptions remain essential to avoiding coverage gaps or unnecessary premium spend.

Q1 2026 Planning Considerations

Treat Renewal as a Strategic Decision

In an uneven market, renewal timing and program structure influence outcomes as much as pricing. Waiting narrows options; early engagement preserves them.

Manage Expectations Carefully

Some lines are improving. Others remain constrained. Clear, fact-based conversations grounded in the specifics of each risk are increasingly important, particularly where expectations were set during years when options were far more limited.

Expect Differentiation, Not Standardization

Insurers are drawing sharper distinctions between risks than they did even a few years ago. Geography, asset mix, loss history, and operational discipline are all playing a larger role in how risk is viewed and priced.

Looking Ahead

The 2026 insurance market is less chaotic than recent years, but far less forgiving of misalignment. For middle-market real estate and construction firms, success will depend less on chasing short-term pricing relief and more on making disciplined decisions about how risk is structured and presented.

At Symphony Build, we help clients move beyond transactional renewals and toward deliberate risk strategy – where judgment and alignment matter more than short-term wins.

Let Us Play For You!

Symphony Risk Solutions is a full-service national insurance brokerage with specialty businesses focused on multiple industries including its Build and REACT business that support the needs of real estate, hospitality, construction, and commercial and homeowner associations. These Symphony businesses provide creative solutions that help with risk mitigation, budget optimization, and risk transfer.