



# Navigating the Property and Casualty Landscape: Q3 2025 Market Update

At Symphony Risk, our job is to make music from the noise so our clients can stay focused on what matters – building, growing, and operating with confidence. As we step into Q3 2025, we are seeing signs of stabilization in the commercial property and casualty market. But do not mistake moderation for simplicity. The market remains fragmented, and challenges persist – especially in auto, excess liability, and CAT-exposed real estate.

Here is what you need to know...

## Market Snapshot – Slowing Increases, Uneven Impact

### Rate Moderation in Sight

Some lines are cooling. Overall, commercial P&C rate hikes are decelerating and certain segments – like commercial property and cyber – are beginning to soften. That is good news for well-run accounts with clean loss histories.

### It is Not a Broad-Based “Soft” Market

While some segments are easing, others remain under pressure. Double-digit rate increases persist in Commercial Auto, Excess Liability, and Umbrella Liability, fueled by social inflation, nuclear verdicts, and rising claim severity. Meanwhile, Catastrophe-exposed Commercial Property—particularly in wildfire and hurricane zones—continues to face limited capacity, elevated pricing, and strict underwriting scrutiny.

## Sector-Specific Insights

### Commercial Property: Turning the Corner (Cautiously)

Rate relief is becoming more common – particularly for properties outside high-risk CAT zones. In wildfire-prone or hurricane-exposed areas, insurers remain cautious, and pricing still reflects those risks. Accurate replacement cost valuations remain critical.

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### **Excess/Umbrella: Pressure Persists**

This segment remains a pain point. Carriers are re-trenching after several years of outsized losses, leading to reduced capacity and tighter terms. Layering is now essential for accounts requiring large limits, and clients should be prepared for strategic restructuring of programs—such as separating auto and general liability towers, using buffer layers to fill gaps, or accessing coverage through specialty E&S carriers.

### **Commercial Auto: A Slow Climb**

Rates are still climbing, although at a slower pace than in prior quarters. Loss trends driven by distracted driving, rising repair costs, and litigation continue to impact premiums.

### **Cyber: Emerging Threats, Cautious Optimism**

After a sharp hardening in prior years, cyber pricing has stabilized—though the emergence of AI-related vulnerabilities is creating a new wave of caution. Coverage is still available, but proactive risk controls are a must. These include multi-factor authentication (MFA), employee phishing training, endpoint detection and response (EDR), regular data backups, and clearly documented incident response plans.

### **Professional Liability: Sector-Specific Movement**

Architects and engineers, healthcare providers, and nonprofit organizations are seeing selective tightening—driven by rising claim severity, increased litigation, and growing regulatory scrutiny. Clean accounts may still see modest increases, but underwriting scrutiny is rising across the board, with underwriters paying closer attention to contract terms, operational controls, and past claims activity.

## External Forces Shaping the Market

### **Natural Disasters Are Now “Expected”**

Wildfires, hurricanes, and floods continue to reshape insurer appetites. Geographic location is now a primary underwriting consideration. Even traditional stable zones are being reassessed for CAT exposure.

### **Social Inflation Is Still Climbing**

Escalating jury awards and rising litigation costs are driving up casualty claims. As a result, underwriters are applying aggressive sublimits and exclusions—especially on umbrella layers. This is particularly true in sectors like construction, transportation, hospitality, healthcare, and multifamily real estate, where claims severity and legal exposure continue to grow.

### **Emerging Risks and Geopolitical Headwinds**

Cybersecurity, geopolitical instability, AI-driven exposures, and ESG factors are making underwriting more complex—and less predictable. These dynamics are impacting key coverages: AI-related vulnerabilities are tightening terms in Cyber and Tech E&O; ESG scrutiny is driving up D&O risk; geopolitical instability is complicating Property and Business Interruption assessments; and AI adoption is raising red flags in Professional Liability underwriting.

## Q3 2025 Action Plan

### **Start Renewals Early**

With capacity tightening in high-risk lines, early engagement with your advisor allows more time to build layered programs and market to multiple insurers.

### **Get Granular on Risk Differentiation**

Insurers are more selective than ever. Clients who invest in mitigations such as defensible space, fire-resistant construction, or fleet telematics—should document improvements to stand out during underwriting. For Workers' Compensation, that could include enhanced safety training, return-to-work programs, or wearable tech for injury prevention. In D&O, maintaining strong governance protocols, documenting board oversight, and managing ESG disclosures proactively can make a measurable difference in how risk is perceived.

### **Tailor Every Submission**

Blanket strategies do not work. A West Coast based multi-family asset faces a different market than a Midwest domiciled hotel portfolio. Customize messaging and prepare alternative structures, especially when targeting the non-admitted and excess and surplus lines markets.

### **Manage Expectations with Precision**

Some rates are softening, but not all lines, all geographies, or all industries. Transparent conversations grounded in geography, loss history, and line of coverage are critical to avoiding surprises.

### **Looking Ahead**

The Q3 market is neither hard nor soft – it is fragmented. Some segments are improving. Others remain strained. That puts a premium on strategic navigation. At Symphony Risk we are helping clients move beyond renewals and into long-term risk management: where underwriter relationships, market timing, and customized strategy matter more than ever.

## **Next Steps**

### **Let's talk if you want to:**

- Stress test renewal strategy and timelines
- Review risk mitigation documentation
- Explore layered or alternative program structures
- Access specialty capacity through E&S channels

## **Let us Play for You!**

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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 Risk businesses provide creative solutions that help with risk mitigation, budget optimization, and risk transfer.