



2026

State of the Market & Industry Insights Report



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Letter from the Chairman

In C3’s 2026 State of the Market and Industry Insights report, our experts offer advice on future trends to keep your business prepared and proactive as we navigate shifts in the coming year. With evolving market conditions, tech advancements, and environmental factors, the insurance industry requires continual analysis.

In our comprehensive report, you’ll find specific analysis on observations, trends, and insights as they relate to particular industry landscapes; 2025 market conditions and 2026 predictions; and clear recommendations for high net worth clients. We have granular observations and insights from numerous industries including: commercial, employee benefits, construction, cyber, life and financial services, life sciences, personal lines, retail and apparel, surety, and transportation.

With a finger on the pulse of what’s to come, our experts seek to adeptly position your business in both strategy and risk mitigation. Leaning on its wealth of experience, expertise, and a deep commitment to our clients, our team and report can help design an outlook for 2026 industry specific landscapes and the best ways in which to serve you, our clients and partners.

Thank you for your continued trust and partnership as we look forward to 2026. We appreciate the chance to work together, build relationships, and are honored to be your insurance partner.



Jamie Reid
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2026 Employee Benefits

2026 Employee Benefits

The projected increase in employer healthcare costs for 2026 reflects a continued national trend of rising expenses that outpace inflation. Current projections indicate an 8%–9% increase for organizations that remain in fully insured, standard plan designs without making strategic changes. These cost pressures are being driven by familiar factors, including ongoing inflation, escalating specialty drug costs, increased utilization of GLP-1 weight-loss medications, rising provider expenses, and the growing financial burden placed on private health plans to subsidize public, uninsured, and underinsured populations. As a result, employers are increasingly recognizing the need to take a more proactive and strategic role in managing their benefits programs.

In response to these challenges, employee benefits strategies for 2026 are evolving to emphasize cost containment, employee engagement, and long-term sustainability. Employers are looking beyond traditional plan renewals and toward solutions that provide greater flexibility, improved decision-making, and stronger support for overall employee well-being.

Top Healthcare and Employee Benefit Trends Anticipated for 2026:

Cost Containment Strategies

Self-insurance is no longer limited to large organizations. Companies of all sizes are exploring self-funded approaches to gain greater control over plan design, pharmacy spend, and GLP-1 coverage decisions, while also leveraging more customized stop-loss solutions and preventive health incentives. These strategies allow employers to better manage risk while aligning benefits with organizational goals.

Enhanced Employee Communication

Advancements in AI-driven personalization are transforming how benefits information is delivered. Employers are increasingly using tailored communications across written materials, videos, mobile apps, and interactive platforms to help employees and their families better understand their options and make informed decisions. These tools are becoming more accessible, scalable, and cost-effective for organizations of all sizes.



Perks and Voluntary Benefits

Personalized perks and voluntary benefits continue to grow in importance as employers look to meet the diverse needs of today's workforce. Ongoing, year-round communication is critical to driving awareness, increasing utilization, and reinforcing the overall value of these offerings.

Technology and AI Integration

Technology and AI are playing an expanding role in streamlining HR operations and improving the employee experience. Greater integration between benefits platforms and administrative systems is creating more seamless processes, reducing friction, and improving access to information.

Well-being Initiatives

Well-being remains a key lever for both employee engagement and cost control. Employers are increasingly adopting virtual and technology-enabled solutions for annual physicals, mental health support, and other wellness services. Successful programs will focus on accessibility, flexibility, and meeting the diverse needs of a modern workforce.

Compliance and Fiduciary Responsibility

Regulatory scrutiny is increasing around fiduciary responsibilities related to health and welfare benefits, similar to the standards long applied to retirement plans. Employers must ensure they have sound, well-documented processes in place when selecting brokers, consultants, and benefit offerings.

The era of transactional benefits consulting is over. Employers need a strategic partner, a benefits business consultant, who can think beyond plan design and enrollment. Your partner should help solve broader business challenges, from talent attraction and retention to cost optimization. If you're ready to elevate your benefits strategy and position your organization for success, contact Mike Bialik, President of the Employee Benefits Division at C3 Insurance, at mike.bialik@c3insurance.com.



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2026 Commercial Insights

2026 Commercial Insights

California Insurance Market Update: Pricing Trends and Drivers by Line of Coverage

As we enter 2026, California's commercial insurance landscape is at a pivotal inflection point. Following several years of sustained hard-market conditions and significant pricing pressure, early indicators point to a gradual shift toward stabilization across select lines of coverage. The following overview outlines key pricing trends, market drivers, and strategic considerations shaping the California commercial insurance market as insurers and brokers navigate a cautiously evolving environment.

General Liability

In California, the GL market faced moderate rate increases in 2024. Rising litigation costs, driven by social inflation and an active plaintiff-friendly legal environment, have resulted in higher premiums. The economic landscape and inflationary pressures have further compounded claims expenses.

2026 Outlook and Predictions

General Liability rates in California are expected to continue trending upward in 2026, with anticipated increases in the range of 3%–8%. While rate momentum is moderating compared to prior years, underwriters remain cautious given the persistence of high legal costs. To manage premiums, clients should focus on strong contractual risk transfer, vendor management, and proactive employee safety and claims prevention programs that demonstrate positive risk performance.

Auto Liability

Auto Liability remains one of the most challenged lines in California. In 2026, rate increases of 10%–15% were driven by escalating vehicle repair costs, higher medical expenses, and severe claim frequency associated with dense traffic patterns and urban driving conditions.

2026 Outlook and Predictions

Auto Liability rates are expected to rise another 5%–10% in 2026, though signs of stabilization are emerging as carriers increasingly incorporate telematics and advanced analytics into underwriting and pricing. Clients are encouraged to adopt or expand telematics programs, strengthen driver training and safety initiatives, and regularly review fleet maintenance records and accident data to help control long-term costs.

Property

California's property market remains firmly in a hard market cycle following catastrophic wildfire losses in excess of \$50 billion statewide. In 2025, rates surged 20%–30% as insurers responded to loss severity, inflationary rebuilding costs, reinsurance pressures, and regulatory challenges that limit underwriting flexibility. Coverage availability remains restricted, particularly in wildfire-prone regions.

2026 Outlook and Predictions

Property insurance rates in California are expected to increase more moderately with an additional 5%–15% in 2026, with the greatest pressure in high-risk wildfire zones. Clients should work closely with their brokers to explore higher deductibles, layered insurance structures, and alternative risk transfer options such as parametric solutions or captives. Investment in wildfire mitigation, defensible space, fire-resistant materials, and sprinkler systems, will be increasingly critical to help moderate the cost.

Excess Liability

Excess Liability pricing remained under pressure in 2026, with rate increases of 15%–25% driven by nuclear verdict concerns and reduced market capacity. High-limit layers continue to attract significant underwriting scrutiny in California’s litigious environment.

2026 Outlook and Predictions

Excess Liability rates are expected to rise by 8%–15% in 2026, with higher attachment points and upper layers remaining costly. Clients should reassess total limit requirements relative to their exposure profiles, consider hybrid program structures, and evaluate excess towers involving multiple carriers to optimize pricing and capacity. Early engagement with brokers will be key to successful placement.

Employment Practices Liability Insurance (EPLI)

Employment Practices Liability in California continued to experience 10%–15% rate increases in 2026, driven by complex labor laws, high litigation frequency, and evolving regulatory requirements. Claims activity remains elevated across multiple industries.

2026 Outlook and Predictions

While some easing is expected, EPLI rates are still projected to increase by 5%–10% in 2026. Clients should focus on proactive risk management by updating employee handbooks annually, conducting regular management and harassment prevention training, and maintaining accurate payroll, job classification, and documentation practices.

Workers’ Compensation

Workers’ Compensation remained one of the more stable lines in California during 2026, with modest rate movement of approximately 3%–5%. Strong regulatory oversight and improving safety programs have helped contain volatility in this line.

2026 Outlook and Predictions

Workers’ Compensation is expected to remain relatively stable in 2026, with potential rate movement of 3%–5% depending on class codes and individual claims performance. Employers should continue strengthening return-to-work programs, addressing ergonomic risks, and proactively managing mental health and stress-related claims, particularly in hybrid and remote work environments.

Recommendations for Clients

Risk Management and Loss Control

Partner with your agency’s loss control team to conduct annual safety audits, implement wildfire mitigation, and strengthen driver and workplace safety programs.

Claims Review & Data Transparency

Regularly review open claims and reserves with your broker to ensure accurate valuation and reduce renewal surprises.

Program Optimization

Consider higher deductibles or reduced limits, especially in high-cost lines like Property, where rates may be significantly higher.

Employment Practices Readiness

Update policies and employee training to reflect new 2026–2026 California labor standards, remote work updates, and pay transparency laws.

Workplace Health & Safety

Emphasize mental wellness, ergonomics, and proactive injury management to minimize Workers’ Comp exposure

Early Renewal Strategy

Begin renewal planning 120+ days before expiration. Early submissions allow underwriters to provide better pricing and terms in a constrained market.

Strategic Considerations for 2026

As pricing pressure persists across most lines, 2026 is expected to mark the early stages of a plateau in California’s hard market cycle. Carriers are cautiously optimistic, placing greater emphasis on risk quality, data transparency, and disciplined underwriting rather than broad-based rate increases.

Clients that begin renewal discussions early, invest in loss control and risk mitigation, and maintain strong partnerships with their brokers will be best positioned to secure favorable terms and navigate the evolving California insurance landscape successfully.



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2026 Construction Insights

2026 Construction Insights

Stabilizing but Still Challenging

Rate increases are starting to level off: general liability (GL) remains flat to low single digits for stronger classes, while more challenging classes continue to see double-digit increases. Excess and umbrella rates are still on the rise, with 5–20% increases remaining typical. Demand in the E&S market continues to grow, reflected in a 13.2% increase in surplus lines premiums. Although the arrival of new MGAs and additional capacity has brought more market diversity, it has not resulted in higher available limits.

Delayed Construction Starts

Project delays remain widespread due to material and labor shortages. As a result, insurance placements require extensions, which are getting harder and more expensive. Markets have shifted appetites since initial binding, increasing complexity.

Construction Industry Conditions

- **High Activity, Especially in Large-Scale Projects**

Strong submission flow in Texas, Colorado, California, Florida, New York, New Jersey. Increase in projects over \$500M, including data centers, energy, multifamily, and manufacturing.

- **Labor Shortages & Subcontractor Turnover**

High turnover impacts training and build quality. Rising safety concerns and increased loss trends in residential construction.

- **Interest Rates & Material Costs**

Developers adjusting financing structures. Rising material costs create project uncertainty. Despite headwinds, multifamily construction remains strong due to long-term housing demand.



Liability & Claims Trends

Social Inflation Driving Severity

Litigation funding and nuclear verdicts continue to push loss costs up. Even “shock losses” are becoming more common. Carriers are increasingly concerned with limit adequacy.

Human Trafficking & Mental Anguish Claims Emerging

Policies increasingly broaden “bodily injury” to include mental injury—even without physical injury. Heightened focus on monitoring for human trafficking within transient construction labor groups.

State-Level Tort Reform

Florida HB 837 reduced litigation frequency by 30%. Other states (GA, LA, SC, OK) are following with meaningful tort reform.However, litigation remains a major cost driver in several jurisdictions.

Contracting Auto Liability Losses Rising

Large fleets require buffer layers to attract excess carriers. Nuclear auto verdicts especially problematic in construction.

Coverage Challenges by Segment

Residential Construction (Especially Condos)

Most difficult segment in the current market. Reduced carrier appetite; higher minimum premiums, higher retentions, and increased attachment points. Wood frame + coastal projects are especially challenged.

Excess Capacity

Carriers reducing deployed limits, forcing larger towers with more participants. Rolling OCIP/CCIP programs are seeing carriers withdraw entirely.

Warranty-Related Policies Declining

Historically popular homebuilding programs offering insured warranties are disappearing.This erosion pushes risks to alternative markets and higher retentions.

State-Specific Risk Observations

New York

Ongoing challenges with Labor Law & subcontracting risk. Fraudulent “ghost claims” and class action schemes increasing. Some project solutions must be replaced entirely if carriers exit the state.

Florida

South Florida residential extremely difficult.High rises in dense areas and coastal exposures heavily scrutinized. Minimum premiums rising significantly.

Texas

Rapid population growth strains courts. Catastrophic verdicts (e.g., \$860M) influence underwriting. Widespread construction defect concerns in fast-growing markets.

Emerging Opportunities

High-Growth Sectors

- Data centers

- Energy (traditional + renewable)
- Manufacturing
- Cold/dry storage
- Program business
- Commercial office buildings (surprising, but capacity-driven rate decreases in some regions)

Use of AI and Advanced Data Analytics

Increased adoption by claims teams and underwriters.Data being used to identify behavior patterns tied to loss outcomes. AI improving claims accuracy and speed.

Rolling Wraps & Modular Construction

More frequent use of rolling wrap-ups.Modular benefits from factory inspection + on-site validation. Carriers integrating annual audits and field gap analyses.

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Best Practices for Brokers

Underwriting Submission Quality Is More Important Than Ever

Comprehensive submissions with cover letters, 10-year loss runs, and stratified loss analysis help differentiate risks. Third-party risk audits increasingly valuable. Transparency on insured’s risk management efforts critical.

Carrier & Broker Collaboration

Increased need for surplus lines creativity, captive consideration, higher retentions, and alternative risk financing.

Early Start on Renewals and Extensions

Due to delays, shifting appetites, and narrowed capacity, renewals must start sooner—sometimes months earlier.

Significant Legal Updates

Includes insights on:

- Florida extension of completed operations tail for condos

- California vertical exhaustion rules (Kaiser case)
- Non–follow-form excess policy risks
- Illusory coverage doctrine developments
- Emerging PFAS litigation and coverage questions
- New York business interruption law allowing BI without physical damage

2026 Market Outlook- Cautiously constructive — capacity and competition should keep some rate relief in place in 2026, but casualty (GL, Umbrella/Excess, Auto) will remain pressured by severity, litigation and selective capacity withdrawals.

Recommendations for clients

Start renewals and project placements MUCH earlier

Because carriers are slower, capacity is thinner, and project extensions are harder: Begin placements 120–180 days early, especially for large or residential projects. For delayed construction projects, flag extension needs 6+ months ahead.

Why: Carriers’ appetites change fast, and early action protects you from being forced into unfavorable terms.

Strengthen risk management & document it thoroughly

Carriers want proof of proactive risk control. Businesses should: Implement or update safety programs. Track subcontractor oversight, inspections, and training more rigorously. Document QA/QC processes (especially for condos, wood-frame, or for-sale units)

Why: Better-documented risk management translates into better pricing, fewer exclusions, and more carrier interest.

Improve submission quality

To stand out in a competitive underwriting environment, businesses should: Prepare complete, clean, and data-driven submissions. Include 10-year loss runs, narrative explanations of losses, and corrective actions taken. Provide updated org charts, project lists, and financials where relevant.

Why: Underwriters prioritize easier, clearer submissions—this can directly improve terms and speed.

Evaluate higher retentions or alternative risk financing

Given rising casualty severity and constrained excess capacity: Consider higher deductibles/retentions to offset pricing. Explore captives, large deductibles, or blended program structures. For fleets, consider an auto buffer layer to attract excess carriers.

Why: It may reduce premium volatility and improve access to quality carriers.

Reassess limit adequacy

With nuclear verdicts rising and limits purchased dropping: Reevaluate total limits purchased vs. current verdict trends. Conduct a limit adequacy analysis (scenario modeling). Review vertical tower structures and attachment points.

Why: Many businesses are underinsured without realizing it.

Monitor state-specific legal and regulatory developments

Businesses working in high-risk states (NY, CA, FL, TX) should: Review contracts to ensure risk transfer aligns with legal shifts. Track tort reform and how it impacts claims and pricing. Implement additional inspection or warranty programs in condo/for-sale projects.

Why: Legal environments can affect both premiums and claims outcomes.

Manage subcontractor risk more aggressively

With shortages and turnover increasing:
Tighten subcontractor qualification processes. Require proof of insurance, endorsements, and compliance documentation. Increase jobsite audits and track subcontractor safety performance.

Why: Poor subcontractor control is a top driver of claims and litigation.

Prepare for continued delays and budget impacts

Given ongoing material and labor challenges: Add contingency time and cost buffers to project schedules. Maintain strong communication between operations and insurance teams. Monitor supply chain volatility and adjust contract language accordingly

Why: Delays trigger costly insurance extensions and can increase total risk exposure.

Invest in technology, data analytics, and AI tools

Carriers are increasingly using data to price and select risks—companies should: Implement telematics for fleets. Use construction tech for jobsite monitoring, QA/QC, and safety tracking. Adopt internal data dashboards to track leading indicators.

Why: Better data improves both underwriting results and operational performance.

Strengthen partnerships with brokers, carriers, and claims teams

Given the complexity of the market:
Meet carriers more regularly (annual stewardship meetings). Conduct quarterly claims reviews. Work closely with wholesale and specialty brokers on structuring complex towers

Why: Strong relationships and proactive communication can influence carrier appetite and pricing.



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2026 Cyber Insights

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In 2026, the cyber risk landscape will be defined by sophisticated extortion tactics, systemic vulnerabilities, and rising legal exposure. Business owners who invest in layered defenses, employee cyber awareness training, and prep for rapid response will be best positioned to minimize losses and maintain insurability. Companies that invest in cybersecurity and treat it as a core business function will be far better prepared to deal with emerging threats in 2026.

Ransomware is Evolving

In 2026, attackers will focus less on encrypting data and more on stealing it—using the threat of regulatory fines and public leaks to demand payment.

Systemic and Supply Chain Risks are Rising

The most severe losses will come from vulnerabilities that impact many organizations at once, not just targeted attacks.

Prevention and Resilience are Essential

Businesses with layered defenses, employee training, and rapid response plans will recover faster and face lower costs. Insurers will expect proof of these measures as underwriting becomes more sophisticated.

Market Outlook: Key Predictions for 2026

Ransomware Will Rely More on Data Exfiltration and Regulatory Pressure

Ransomware attacks are expected to shift further away from pure data encryption, focusing instead on stealing data and threatening regulatory penalties, lawsuits, and reputational harm to drive payments. According to the Cowbell 2025 report, extortion events (including ransomware and data theft) accounted for 19% of claims, while data breaches (often involving exfiltration) made up 34%. Coalition's 2025 data shows most major ransomware groups now use double and triple extortion, threatening to publish or sell stolen data.

Claims Frequency Will Stay High and Severity will be Driven by Systemic Events

The overall number of cyber insurance claims will remain elevated, but the most severe losses will increasingly result from systemic vulnerabilities and supply chain attacks. Good examples of this are the July 2024 CrowdStrike outage and AZURE and AWS cloud outages in October of 2025. High-profile incidents like MOVEit and PowerSchool in 2024 demonstrated how a single exploit can cascade across industries. Expect more multi-organization incidents in 2026.

Ransom Payments Will Decline—But Legal and Recovery Costs Will Rise

Average ransom payments are projected to decrease further, as organizations improve negotiation and incident response. According to the Cowbell 2025 report, average ransom payments declined by over 20% in the past 18 months. However, costs from regulatory fines, privacy litigation, and third-party claims are expected to rise, as attackers focus on data theft and disclosure.

Targeted Sectors Will Face Heightened Pressure

Professional Services, Healthcare, Construction, Manufacturing, and Education will remain the most targeted sectors, with attackers exploiting operational dependencies and sensitive data. These industries consistently experience the highest rates of cyber claims (Cowbell 2025, Coalition 2025).

Prevention and Resilience Will Be the Differentiators

The gap between organizations that experience catastrophic losses and those that recover quickly will widen, based on investment in layered defenses, employee training, and rapid response. Insurers will increasingly require evidence of



proactive risk management—such as AI-driven monitoring, vulnerability assessments, and cyber hygiene training—as a condition for coverage.

The Next Wave: AI-Powered Malware Threats

In 2026, nation-states and advanced cybercriminals are expected to deploy next-generation AI-powered malware capable of spreading far beyond intended targets. The impact of these attacks could be unprecedented and difficult to contain, posing unpredictable risks to critical infrastructure and global business.

Recommendations: How Business Owners Should Prepare

Prioritize Data Protection and Incident Response

Map and classify your sensitive data (customer, employee, financial, health, etc.). Implement strong access controls and encryption for critical information. Develop and regularly test an incident response plan that includes legal, regulatory, and communications protocols.

Harden Defenses Against Social Engineering and Phishing

Conduct regular employee training on phishing and social engineering tactics. Deploy advanced email filtering and anti-phishing tools. Simulate phishing attacks to measure and improve staff awareness.

Prepare for Ransomware and Multi-Layered Extortion

Maintain robust, regularly tested backups that are isolated from your main network. Invest in endpoint detection and response (EDR) and managed detection and response (MDR) services—Cowbell data shows organizations with MDR recover nearly three times faster. Establish clear policies on ransom negotiations and reporting.

Address Systemic and Supply Chain Risks

Assess the cybersecurity posture of your vendors and partners. Require contractual commitments to security standards and incident notification. Monitor for vulnerabilities in widely used software and apply patches promptly

Focus on Industry-Specific Threats

Benchmark your security controls against industry peers. Engage with sector-specific threat intelligence and participate in information-sharing groups.

Invest in Prevention and Resilience

Adopt a “Zero Trust” approach: require multifactor authentication, least-privilege access, and network segmentation. Use continuous monitoring and vulnerability assessments to identify and address weaknesses. Regularly review and update your cyber insurance coverage to reflect your risk profile and evolving threats.

Cyber risks are changing fast. To ensure your business is truly protected, we recommend a complimentary cyber gap analysis. This review will identify any weaknesses in your current defenses and insurance coverage, so you can address them before an incident occurs.



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2026 Life & Financial Services Insights

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Current Trends Affecting Consumers

Higher interest rates are boosting policy returns. Life insurance products—particularly those with investment features, such as universal life—are now offering stronger credited interest and greater potential for cash value growth compared to previous low-rate periods. Simplified, flexible products are becoming increasingly popular, with consumers favoring plans that include living benefits (like critical illness or chronic disease coverage) and modular features that can adjust as life circumstances evolve.

Digital and hybrid purchase experiences are also on the rise. Insurance can now be bought more quickly online, with AI-assisted quotes and accelerated underwriting reducing the need for paperwork and medical exams for low-risk applicants.

Observations & Consumer Implications

- Better value from newer products: Policies today often combine protection with investment or living benefits, offering more “bang for your buck” than traditional term life alone.
- Faster and easier buying process: Digital tools mean less hassle, especially for younger consumers who prefer mobile or online solutions.
- Customization matters: Products that can adapt over time—e.g., adding riders or adjusting coverage—align better with life changes like marriage, parenthood, or career shifts.
- Financial security and peace of mind: Consumers should compare offerings not only on cost but on coverage breadth, cash value growth, and optional benefits.

2026 Market Outlook for Consumers

- Stable premiums with slight variability: Most products will remain competitively priced; some critical illness or long-duration policies may see modest rate adjustments due to recent claims trends.
- More choice and flexibility: Expect more hybrid products, flexible riders, and “living benefits” options to enter the market.
- Technology-enabled experience: Faster approvals, AI-assisted quotes, and digital account management will become standard.
- Protection gaps remain: Many consumers still lack coverage for chronic illness, income replacement, or family support—especially younger and middle-income households.

Consumer Recommendations

Review your coverage needs

Ensure life insurance matches current income, family obligations, and financial goals. Consider policies that cover living benefits, not just death benefits.

Leverage digital tools for quotes and comparison

Use online platforms to compare rates, riders, and insurer reliability. Accelerated underwriting options can save time and hassle.

Consider flexible, modular policies

Look for plans that allow adding or removing benefits over time to match life changes.

Evaluate cash value and investment-linked options carefully

If considering universal life or other investment-linked plans, understand credited interest, fees, and guarantees

Stay informed on insurer stability

Choose insurers with strong financial ratings and transparent policies to ensure your coverage will pay out when needed.



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2026 Personal Lines Insights

2026 Personal Lines Insights

2026 Market Outlook: Key Trends & Insights for High-Net-Worth Insurance

Costs Are Stabilizing—But Underwriting Remains Intense

After several years of significant premium increases, early signs of rate stabilization are emerging in 2026, particularly for properties with strong risk mitigation in place. That said, underwriting scrutiny remains high. Carriers continue to impose coverage caps and are taking a closer look at high-value homes—especially those located in wildfire-prone areas.

Growing Demand for Customized, Lifestyle-Oriented Coverage

High-net-worth clients are increasingly seeking protection that reflects their lifestyle, not just their physical assets.

Coverage expectations now commonly include:

- Higher liability limits
- Protection for fine art, wine, collectibles, and jewelry
- Coverage for performance and luxury vehicles
- Family security solutions, including kidnap and ransom coverage

The market continues to move away from standardized policies in favor of highly customized, concierge-level insurance solutions.

Risk Mitigation Is Now Mandatory

Risk mitigation is no longer optional—it's a core requirement. Access to the best coverage, and in some cases any coverage at all, increasingly depends on documented mitigation measures such as:

- Fire-resistant roofing and siding
- Ember-resistant venting
- Private wildfire defense services
- Advanced alarm and monitoring systems

These efforts now play a critical role in both pricing and coverage availability.

Wildfire Preparedness for 2026

Review Your Existing Coverage

Ensure dwelling limits, personal property values, and endorsements—such as guaranteed or extended replacement cost—are accurate. In high-risk areas, early planning is essential, as market options can shift quickly.

Understand Carrier Moratoriums

During active wildfire events, carriers may implement moratoriums that temporarily restrict new or increased coverage. Securing or updating coverage ahead of wildfire season remains the most effective strategy.

Maintain a Clear Evacuation Plan

Have an emergency kit ready and be familiar with local evacuation routes. Keep both digital and hard copies of your insurance policies easily accessible.

2026 Market Conditions & Outlook

Selective, Data-Driven Underwriting

Strict underwriting standards persist. Properties without sufficient mitigation or with complex loss histories continue to face non-renewals. Carriers are prioritizing clients who demonstrate proactive risk management.

Premium Stabilization—Finally Emerging

After years of volatility, 2026 is showing genuine signs of rate moderation, particularly for well-protected luxury homes



and properties outside the highest wildfire-risk zones. While earthquake and specialty markets remain tight, capacity is gradually improving.

Continued Expansion of Concierge Models

- Insurers serving HNW clients continue to enhance concierge-style offerings, including:
- In-person risk assessments
 - Priority claims handling
 - Access to on-site response vendors
 - Home resiliency and mitigation guidance

These services help protect assets while improving claims outcomes.

Ongoing Market Constraints

Despite improving conditions, coverage availability remains limited in certain high-risk ZIP codes. Expect continued use of exclusions, higher deductibles, or micro-limits—particularly for water damage—unless mitigation is clearly demonstrated. Reinsurance pressures also continue to shape carrier appetite.

Recommendations for High-Net-Worth Clients in 2026

Strengthen Your Risk Management Approach

Implement and document wildfire, water, and security enhancements. Defensible space, upgraded roofing, and ember-resistant vents provide both safety benefits and underwriting advantages. Private fire protection services should be considered for wildfire-exposed properties.

Complete a Thorough Coverage Review

Confirm that all assets—homes, luxury vehicles, jewelry, fine art, and collections—are insured at current replacement values. Review limits annually and consider excess liability coverage to protect growing net worth.

Leverage Available Concierge Services

Take full advantage of carrier-provided concierge support, including risk assessments, claims assistance, and home safety evaluations. These resources are designed specifically for HNW households and can materially reduce loss exposure.

Stay Ahead of Rapid Market Shifts

Carrier appetite and regulatory conditions continue to evolve quickly. Partner with an advisor experienced in California’s HNW and wildfire-impacted markets to ensure coverage remains aligned with real-time conditions.

Prioritize Consistent Property Maintenance

Ongoing upkeep—such as roof maintenance, vegetation management, system inspections, and timely repairs—helps preserve property value and reduce claims risk. Well-maintained homes are more likely to receive favorable pricing and improved insurability.

The Bottom Line

While the 2026 insurance market remains complex, it is finally showing signs of meaningful stabilization. With proactive risk management, strategic coverage planning, and effective use of concierge services, high-net-worth clients can secure strong protection and position themselves for the most competitive terms available.

More information: C3insurance.com/personallines



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2026 Retail & Apparel Insights

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Marine Cargo and Stock-Throughput Insurance Outlook for 2026

The marine cargo and stock-throughput insurance market is entering 2026 with a clear shift toward softer rate conditions. Increased global capacity and intensified carrier competition are driving a more flexible underwriting posture. As a result, insureds with stable operations and strong loss histories are well positioned to leverage the market for improved pricing and expanded coverage terms.

Pricing Outlook

Rate movement in 2026 is expected to remain soft for well-performing programs. Many insurers may see modest premium reductions, commonly in the range of 5-10%, with the potential for larger decreases when programs are actively marketed. Buyers can anticipate competitive bidding and a greater willingness among insurers to deploy capacity.

Coverage and Capacity Trends

Underwriters are showing more flexibility and a renewed interest in growing their portfolios. This creates opportunities for higher available limits, broader policy language, more creative deductible and retention structures, and expanded coverage for complex, multimodal supply chains. These trends benefit insureds seeking to enhance program structure rather than only reduce premium.

Key Pressure Points

Although conditions are improving, several risk factors continue to influence underwriting discipline. Geopolitical instability, war risk exposures, and shifting trade routes remain major drivers of volatility. The increasing reliance on large distribution hubs heightens aggregation concerns, leading insurers to scrutinize catastrophe exposure more closely. High-value or high-hazard goods, such as electronics and pharmaceuticals, also continue to attract heightened attention. Additionally, portfolios with less favorable loss experience tend to prompt closer underwriting analysis, as carriers assess whether historical trends indicate emerging patterns or isolated events, which can influence the level of flexibility applied to pricing, terms, and capacity.



Strategic Implications for 2026 Renewals

Organizations with diversified inventories, predictable transit patterns, and clean loss records should approach the market confidently, as they are well positioned to negotiate rate reductions or enhanced coverage terms. Companies with concentrated storage, volatile routes, or complex risk profiles should prepare detailed underwriting data and evidence of strong loss control to secure favorable outcomes.

Overall, 2026 provides a favorable environment for reassessing cargo and stock-throughput insurance strategies, enabling organizations to pursue both improved cost outcomes and more robust coverage.



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2026 Surety Insights

2026 Surety Insights

The U.S. construction sector has lost momentum through mid-2025, caused by elevated borrowing costs, tight lending conditions, rising materials prices, renewed labor shortages, and policy uncertainty. These headwinds have pushed activity into a broad-based slowdown across both residential and nonresidential markets.

Construction spending has declined in 10 of the past 11 months with residential construction the primary drag. The only sector showing growth is energy driven by data center construction and electricity demand.

- The slowdown is broadly national, though impacts vary:
- Midwest: Being supported by ongoing manufacturing megaprojects.
- South & Southwest: Strong population growth leading to greater housing/commercial demand.
- West, Northeast, Mid-Atlantic: Seeing YoY declines in construction employment, reflecting weaker demand.

For 2026, expected declines in interest rates may improve conditions and demand but other challenges (tariffs, credit tightness, labor scarcity) could weaken demand on new activity.

Sureties are experiencing increased loss activity in both construction and commercial lines. Underwriting conditions are tightening and those firms losing money and having cash flow challenges will find it difficult to secure bonding. Companies that are managing overhead, shedding debt and building liquidity will have better success securing favorable terms from their surety. We always recommend bonding backing subcontractors and vendors but this is becoming more important than ever with the latest challenges in the market.



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2026 Transportation Insights

2026 Transportation Insights

Market Trends & Predictions

As we wrap up 2025, the transportation insurance market remains firm, particularly in auto liability. Claim severity continues to rise, driven by higher medical costs, nuclear verdicts, and elevated repair expenses. While parts of the broader commercial market are stabilizing, transportation continues to experience underwriting pressure and selective capacity.

Looking ahead to 2026, we expect continued discipline from carriers and reinsurers, rate variability based on individual fleet performance, and a growing emphasis on demonstrable safety investments. Fleets with clean data and proactive risk management will see the most competitive outcomes.

Key Points

- Auto liability remains challenging due to rising claim severity, litigation trends, and ongoing underwriting losses.
- Capacity is selective, with improved conditions in some lines but continued pressure on umbrella and excess layers for transportation.
- 2026 will reward strong performers, with telematics, safety culture, and claims transparency becoming decisive pricing factors.



Recommendations for Clients

As the market stays firm, preparation is the key differentiator for fleets. Carriers are increasingly prioritizing accounts that show clear, measurable progress on safety, claims management, and operational discipline. Thoughtful planning now can meaningfully improve renewal outcomes in 2026.

I encourage fleets to get ahead of the cycle with data-driven discussions, updated loss-control initiatives, and strategic decision-making around limits, retentions, and alternative program structures.

Key Points

- Invest in telematics, driver coaching, and targeted safety programs to reduce frequency and severity and strengthen your underwriting story.
- Start renewals early, ensure clean/accurate loss runs, and use your broker to position your account with clear narrative and supporting data.
- Evaluate program structure options (higher retentions, deductible programs, or alternative risk solutions) if your loss profile supports them.



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Final Thoughts

Thank you for taking the time to read C3’s annual state of the market piece. We wish you the best in this coming year. Feel free to reach out to us and we’ll connect you to the specialist that is right for you and your business.

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