AON

Q2 2026

Global Insurance Market Insights Report

Interactive PDF →

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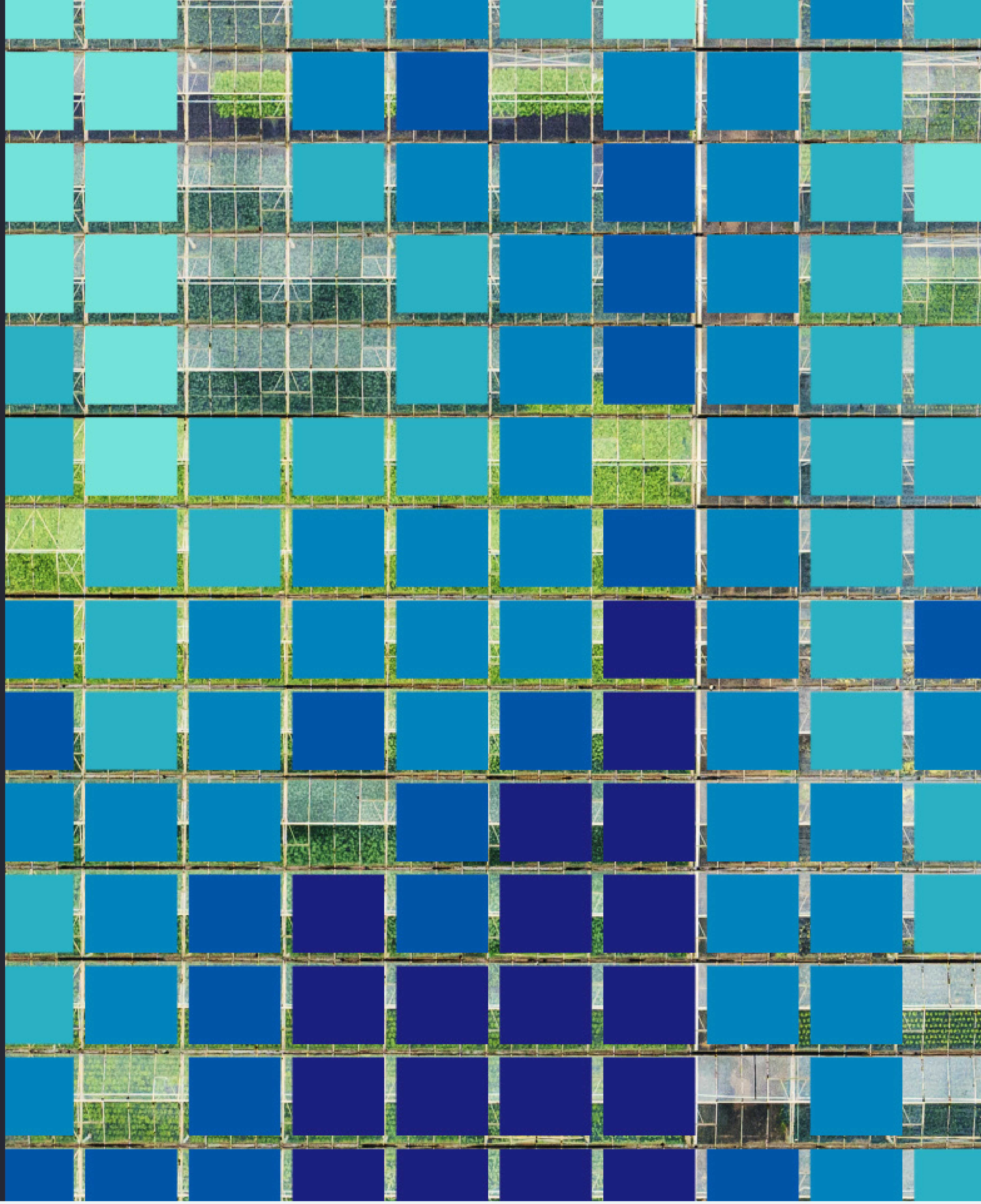
Introduction



Q2 **Global Insurance Market Insights Introduction**

Despite heightened geopolitical uncertainty and evolving risk exposures, commercial insurance buyers continued to benefit from favorable market conditions in Q2. Abundant capacity, strong competition and record levels of industry capital supported buyer-friendly conditions across most major lines of business. However, insurers remained disciplined in their deployment of capital, carefully managing their exposure to increasingly complex risks, shifting liability trends, climate-related events and geopolitical volatility. The growing use of artificial intelligence across the insurance value chain contributed to more informed underwriting decisions and greater risk differentiation.

Differences in appetite, pricing and terms continued to vary by line of business, geography and risk type. Abundant capacity and healthy competition drove further price reductions and improved terms in most markets for property, casualty and cyber. Financial lines remained buyer-friendly, although conditions continued to moderate in several geographies. Auto and U.S. casualty remained the clear outliers to soft market conditions, as loss trends and claims inflation sustained insurer caution around capacity deployment, underwriting and pricing.

Key Q2 takeaways:

- Market conditions remained generally soft, with rate reductions and favorable terms available, particularly for preferred, well-managed risks. Outcomes continued to vary by risk type, geography and line of business.
- Insurers showed flexibility in accommodating client needs, yet underwriting remained disciplined and data driven, especially for large, complex risks.
- Geopolitical tensions, particularly in the Middle East, continued to impact underwriting, pricing and terms for marine, aviation, cyber, political violence, trade credit, property and financial lines. Some clients in the energy and natural resources sectors have faced coverage gaps.
- High-quality risk information and robust data are becoming increasingly important as insurers use analytics and AI to make more targeted underwriting and capital deployment decisions.
- The current environment gives buyers a window of opportunity to secure durable program improvements ahead of a potential turn in the cycle.

Geopolitical volatility is reshaping risk transfer

While overall market conditions remained favorable in Q2, geopolitical volatility continued to create significant disruption across several specialty lines and regions. Insurers continued to closely monitor developments in the region, resulting in heightened underwriting scrutiny, reduced appetite for certain exposures and increased pressure on pricing, limits and coverage terms. The conflict has also reinforced the importance of supply chain resilience, contingency planning and geopolitical risk management, with insurers placing greater emphasis on how organizations identify, manage and mitigate potential disruptions.

As volatility persists, many organizations are reassessing their broader risk financing strategies and evaluating how insurance, retained risk and alternative capital solutions can work together to strengthen resilience.

> “The Middle East conflict is driving a differentiated response across the insurance market. The most pronounced impacts are in marine hull & war, marine P&I, aviation, and terrorism & political violence, where insurers are exercising greater underwriting discipline, repricing risk, and placing increased emphasis on policy terms and conditions. Despite these pressures, capacity remains available across all lines for well-managed risks,” says Christian Hoffman, Global Chief Executive Officer, Commercial Risk Solutions.

Data and AI are changing how risk is evaluated

At the same time, insurers are increasingly using data, analytics and artificial intelligence to support underwriting decisions and portfolio management. While market conditions continue to be driven primarily by capacity, competition and loss experience, these technologies are helping insurers assess risks more efficiently and differentiate more precisely between them. As a result, high-quality risk data, clear submissions and demonstrable resilience are becoming increasingly important factors in achieving favorable renewal outcomes.

> "AI has not fundamentally changed pricing patterns — yet. Conditions in Q2 have continued to be driven by strong competition and abundant capacity. We do, however, see AI increasingly making pricing more technical, granular and consistent, while underwriting becomes more selective and informed," says Cynthia Beveridge, Global Chief Broking Officer, Commercial Risk Solutions.

In closing, at the midpoint of 2026, the commercial insurance market remains a source of stability in an uncertain world. Abundant capacity and strong competition continue to create favorable conditions across much of the market. Insurers are leaning on AI, advanced analytics and richer data to differentiate risk and deploy capital more selectively. This is making the quality of an organization's risk information an increasingly important factor in renewal outcomes. For buyers, the current market environment presents a strategic, albeit likely temporary, opportunity for risk managers to challenge program structures, limits, retentions and policy wordings, as well as to explore where alternative risk transfer strategies can enhance resilience and capital efficiency. This window of opportunity will narrow if casualty trends, reserve pressure, catastrophe losses or geopolitical volatility erode insurer profitability or intensify concerns over rate adequacy, leading insurers to retrench. Organizations that use today's conditions to strengthen both program design and the quality of their risk data will be better positioned when market conditions tighten.

On behalf of our global Commercial Risk team, we hope you find the information in our Q2 Global Insurance Market Insights helpful in understanding recent developments in the risk and risk solution environment.

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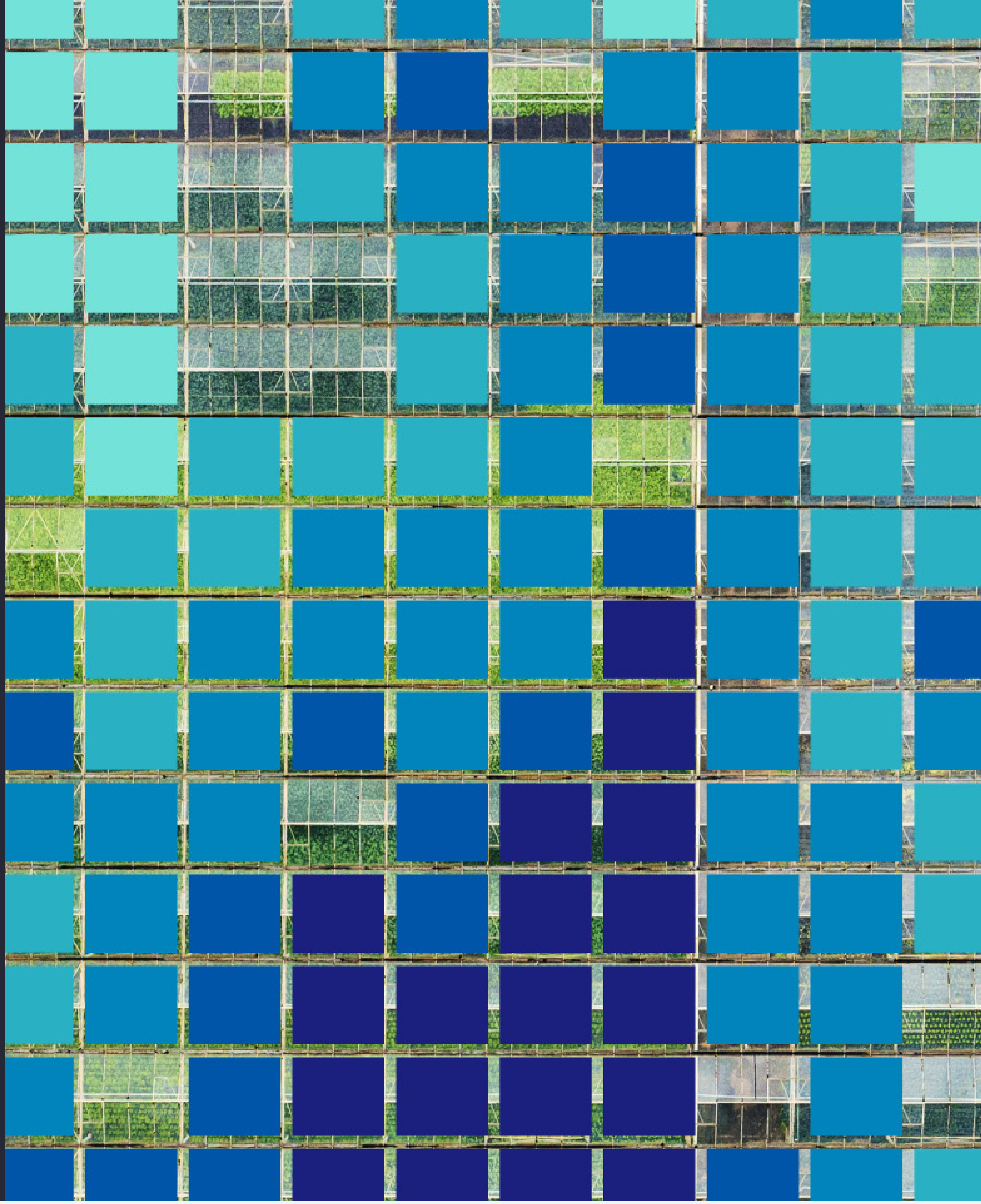
Global Insights



Q2 **Global Insurance Market Dynamics**

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

Q2 **Global Insurance Market Dynamics**

Pricing

Buyer-friendly pricing has generally continued, although outcomes have varied widely based on the line of business, geography and type of risk. Abundant capacity and healthy competition in Q2 resulted in soft market conditions for property, casualty and cyber. Well-performing property risks continued to see double-digit price reductions in many regions, including North America. Directors and officers pricing remained favorable but has moderated in EMEA and showed signs of firming for higher-risk sectors in the U.S. Notable exceptions to the buyer-friendly conditions in Q2 were commercial automobile and U.S. umbrella where pricing continued to experience upward pressure due to ongoing adverse claims trends.

Capacity

Capacity has remained abundant, with oversubscription common for preferred, well-managed property and casualty placements. Insurers' ambitious growth targets, favorable reinsurance conditions and competition from new entrants and international markets have led many insurers to offer increased line sizes and limits, as well as to expand to sectors that were previously outside their appetite. Capacity has, however, remained more limited for U.S. automobile and lead umbrella coverages, higher-risk occupancies and some large natural catastrophe exposed property. The build-out of data centers worldwide is increasing demand for capacity, presenting both an opportunity and a structural challenge for the insurance market.

Underwriting

Healthy competition has supported a generally flexible underwriting environment, and improved terms and conditions were available in Q2 for preferred and well managed risks, especially for property, casualty and cyber. However, underwriting has remained more stringent for certain risks, sectors and lines of business, including automobile and U.S. casualty, as well as high-hazard occupancies and risks with large natural catastrophe and business interruption exposures. In addition, underwriting criteria for war, political violence and certain marine/energy risks have tightened in light of ongoing geopolitical instability. Insurers have doubled down on risk selection, making greater use of data, analytics and AI to help triage submissions, differentiate between risks and support underwriting decisions.

Q2 Global Insurance Market Dynamics

Limits

Limits were largely flat in Q2, although increased limits and sub-limits were generally available, especially for competitive lines of business, including property, casualty and cyber. Many insureds continue to take advantage of market conditions by reinvesting premium savings to build resilience. For U.S. automobile and lead umbrella, limits remain under pressure. Insurers have continued to carefully manage large natural catastrophe and business interruption exposures.

Deductibles

While deductibles have remained broadly flat, reductions are available for some placements with good loss history and strong risk management controls, especially in competitive lines like cyber and property. Deductibles have, however, remained under scrutiny for automobile, U.S. casualty and catastrophe-exposed property, as well as for risks with weaker controls, poor claims experience or limited risk information. Some buyers have made adjustments to manage pricing and capacity dynamics in more challenging lines, such as umbrella insurance. Where clients have already optimized deductibles, some have explored self-insurance solutions to achieve further premium reductions.

Coverages

Coverages have been generally stable, although broader coverage remains available, especially for property, directors and officers and cyber risks. With growing competition in the market, insurers have been open to targeted enhancements and removal of coverage restrictions applied during the previous hard market. In cyber, insurers have continued to improve key coverage features, particularly around privacy liability and business interruption. By contrast, casualty insurers in Q2 continued to impose exclusions or tighten restrictions for PFAS, sexual abuse and misconduct, biometric and other data-privacy exposures. War, political violence, marine and energy coverages exposed to the Middle East have also been affected by geopolitical events.

Q2 **Global Insurance Product Trends**

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

Q2 **Global Insurance Product Trends**

Automobile

The commercial automobile insurance market has remained moderate with renewal outcomes shaped by fleet profile, geography, claims experience and data quality. Capacity remains broadly adequate, although pricing has continued to increase for many placements due to claims inflation, including higher bodily injury awards and vehicle repair costs. Insureds with unfavorable loss experience or more complex risk profiles — such as public transport, haulage and fleets with significant hired and non-owned exposures — have experienced the greatest upward pressure on pricing and deductibles. In the U.S., automobile has remained one of the most challenging primary lines of business and is subject to heightened underwriting scrutiny. Conditions have been more favorable in Latin America, and pricing and terms have begun to moderate in parts of EMEA as competition has strengthened for well-managed fleet risks. In some cases, well-performing fleets that have provided quality data have achieved modest pricing reductions.

Casualty

Renewal outcomes in the casualty insurance market have continued to vary widely by line of business, geography and risk profile. In much of the world, conditions have been favorable, with ample capacity and competition leading to modest pricing reductions for well-managed risks. The notable exceptions are U.S. general liability and umbrella liability where the market has remained firm and shaped by disciplined underwriting. Elsewhere, insurers have continued to differentiate, rewarding high-quality risks with improved terms and pricing, but taking a more cautious stance for complex liability exposures, high-hazard industries, U.S.-exposed and loss-affected risks.

Cyber

Conditions in the cyber insurance market have remained soft with modest price reductions, broad coverage and higher limits available for well-managed risks in most territories. However, persistent ransomware activity, digital supply chain incidents, longer-tail cyber business interruption losses and unfavorable development on prior years' privacy liability claims have contributed to a moderation in pricing, most notably in the U.S. While favorable market conditions have persisted, insurers remain cautious of systemic risks, catastrophe scenarios, evolving threat actor tactics, supply chain vulnerabilities and the expanded use of AI by both cyber criminals and insureds. At the same time, insurers have continued to evolve coverages to support faster and more predictable recoveries.

Q2 **Global Insurance Product Trends**

Directors & Officers

The directors and officers market has remained favorable for buyers, although price reductions have moderated in several parts of the market. In the U.S., pricing has remained close to flat, and there have been signs of firming for higher-risk sectors and increased pressure for middle and higher excess layers. Insurers have sharpened their focus on emerging claims drivers and remain cautious on issues such as cybersecurity, data privacy, geopolitics and AI. Placements for stressed sectors and those with weaker controls have also seen sharper differentiation by underwriters. Capacity has remained ample, but the impact of insurer consolidation is being closely monitored.

Property

The property market has continued to offer buyers a favorable environment characterized by ample capacity, increased competition and generally declining pricing. As competition has intensified, insurers have increased their appetite for some industries that were previously regarded as less desirable. Underwriting has remained flexible overall, with some insurers being open to increased limits and adjustments to deductibles. Insurers have also been more willing to offer coverage enhancements and to revisit some hard market coverage restrictions. There are growing indications that the market may be resistant to continued downward pricing pressure, with insurers expressing concerns that recent rate reductions have outpaced underlying risk economics, leading some insurers to exercise greater underwriting discipline or selectively reduce participation. While a near term market correction is not anticipated, renewal results are expected to become increasingly differentiated based on individual risk quality, catastrophe exposure, and loss performance. Organizations that continue to invest in risk mitigation, resilience, and transparent insurer engagement are likely to remain best positioned to capitalize on favorable market conditions. Challenging pockets remain, including certain high-hazard occupancies and large natural catastrophe exposures. Generally, well-protected risks with detailed exposure data, strong risk engineering, business continuity plans and clean loss records have typically achieved superior renewal outcomes.

Previous
Global Insurance Product Trends

Next
Global Claims Trends

Q2 **Global Claims Trends**

Digital and AI innovations create efficiency gains but pose new risks

Insurers continue to invest in artificial intelligence and digital claims tools to accelerate decision-making, streamline processes, and improve efficiency and accuracy. To date, these tools have been used primarily to triage claims and reduce administrative burden rather than make claims settlement decisions. At the same time, increased automation is raising the risk of eroding claims expertise or under-resourcing claims teams, with the potential to increase frictional costs.

"The winners in the next decade won't be the insurers that strip the most cost out of claims, but those that combine intelligent automation and global capabilities with deep, front line claims judgment", says Mona Barnes, Global Chief Claims Officer, Commercial Risk Solutions.

Clients, too, are expanding their digital capabilities, with risk managers looking to increase control and transparency around claims trends and performance, particularly for higher-volume claims. Clients with large captives are taking advantage of access to digital claims capabilities through third party adjusters. At the same time, a growing number of start-ups have been offering claims management software. As more claims data is shared with third parties, robust data sharing processes and infrastructure have become increasingly important.

Claims inflation exacerbated by geopolitical volatility

Claims inflation has remained a consistent theme across property, casualty and specialty lines, driven by elevated repair, transport and labor costs on the property side, and increased awards, medical and legal defense costs for liability. This trend has been further exacerbated by the conflict in the Middle East, which has caused a sharp spike in energy and fuel prices, alongside disruption to supply chains for petrochemical and other goods from the region. Claims notifications from the conflict are continuing to arise. Marine, energy, war, terrorism and political violence coverages have been impacted by losses related to physical damage and business interruption from missile and drone strikes and falling debris. Contingent business interruption and loss of attraction coverages have also been affected. Clients are advised to keep all documentation and records of steps taken when a loss occurs and engage with their broker early, so that coverage under impacted policies is protected.

Insurers take tougher stance on large claims

As pricing in commercial property and casualty lines has come under growing pressure, insurer approaches to claims have shifted. Insurers continue to seek to differentiate through claims capabilities and by demonstrating strong alignment between claims and underwriting. Paradoxically, some insurers have taken tougher stances on large and complex claims, even as they continue to position claims service as a point of differentiation. In many cases, the focus has remained on attritional claims, rather than on larger, more complex losses that tend to leave a more lasting impression on clients, although both situations are important.

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Q2 **Global Claims Trends**

Insurer claims propositions are increasingly important to insureds

Commercial insurance buyers have placed increasing emphasis on claims when selecting insurers, reflecting a more sophisticated understanding of how policies perform in practice. Many clients have become less willing to transact with insurers perceived as difficult to work with on claims and have instead favored working with insurers that are seen as practical and supportive during a crisis.

Clients are advised to consider claims performance — particularly, flexibility and claims payment history — as part of the overall risk transfer strategy, not just when a loss occurs. They should evaluate the potential trade-offs between price and faster, smoother claims settlement, especially where larger, complex claims issues may arise. Program design has also increasingly reflected claims experience, including differentiating between high-frequency losses and one-off large events when setting limits and retentions.

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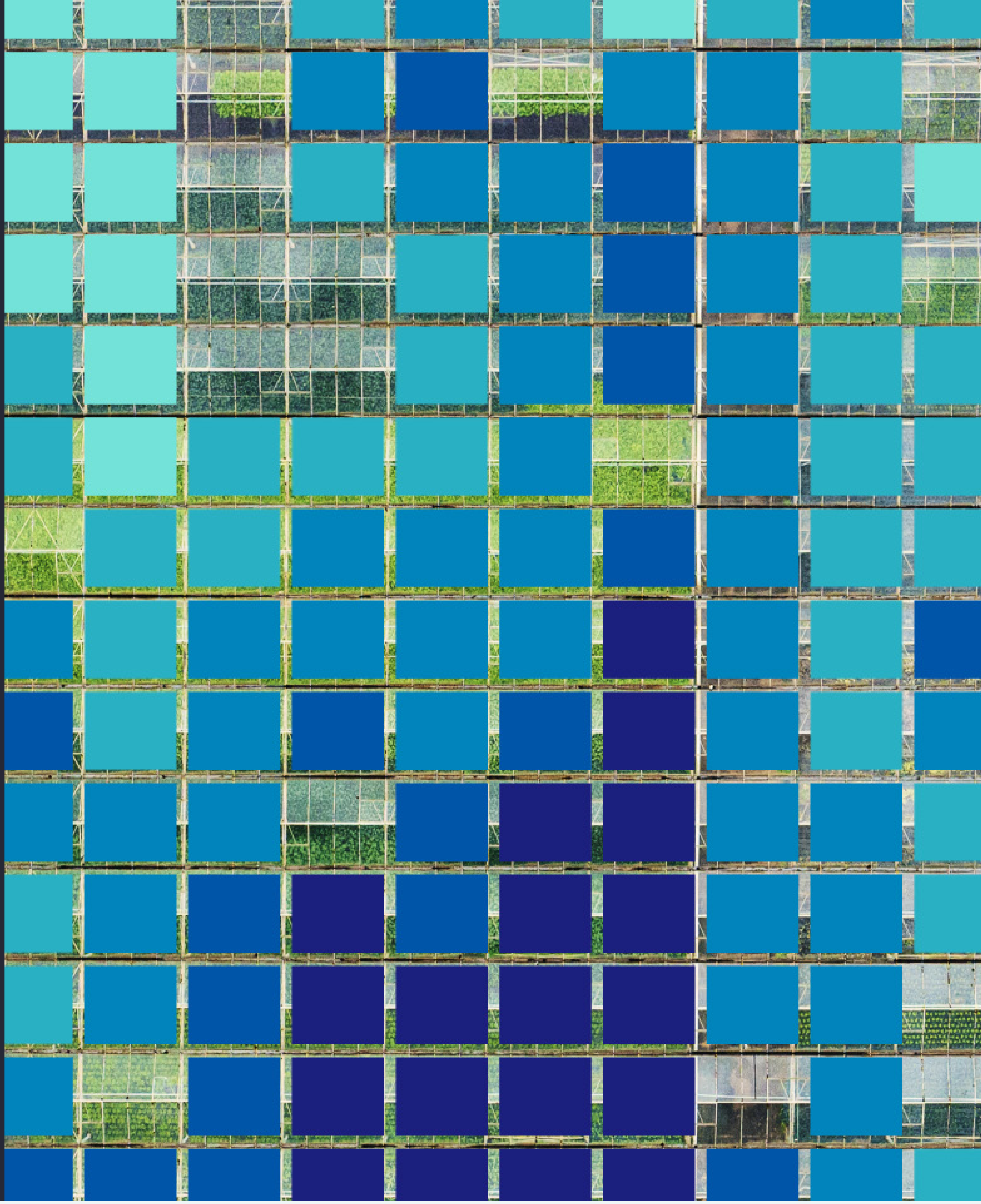
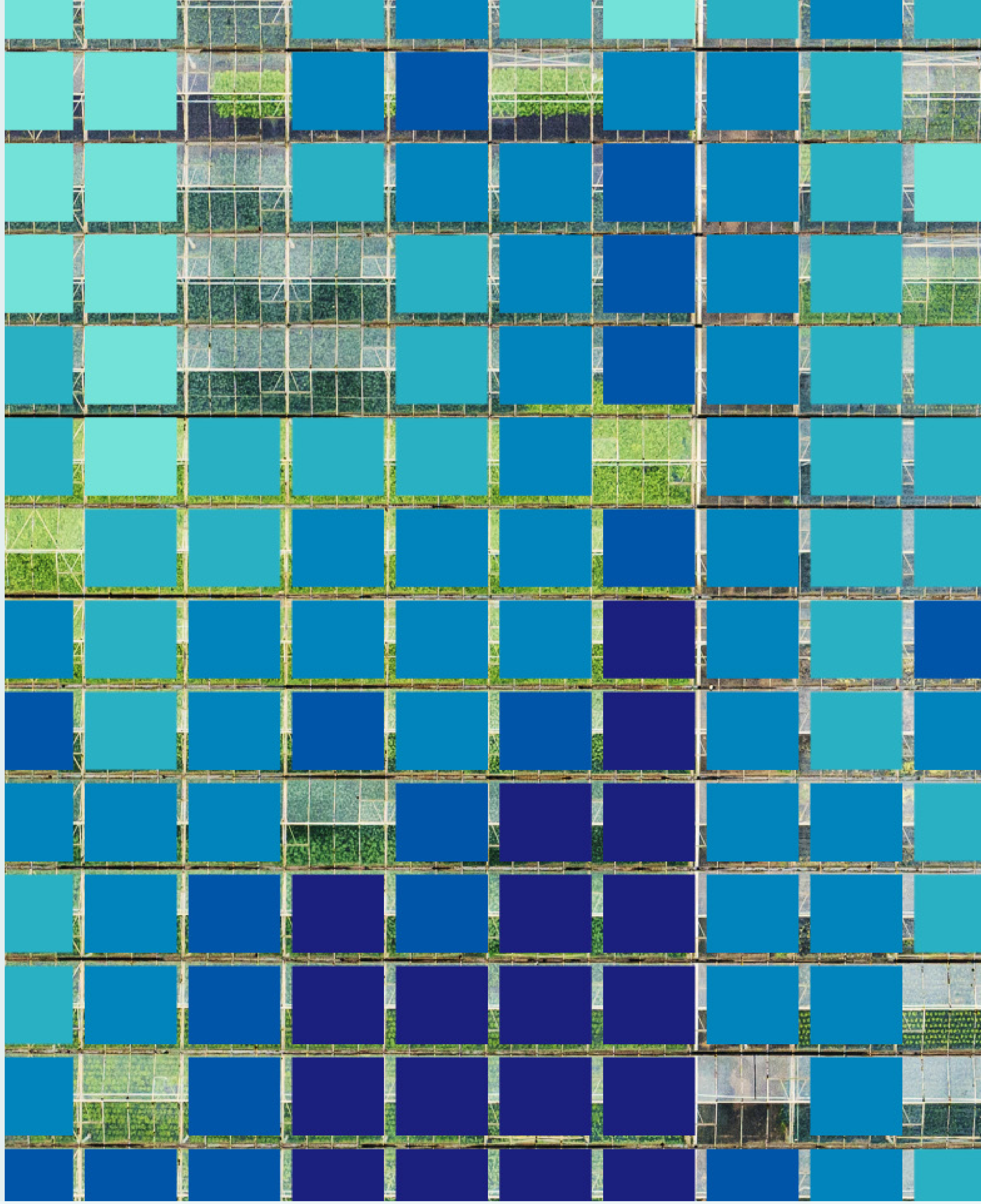
Regional Trends



Asia Market Overview



Q2 **Asia Market Overview**

Across Asia, conditions have remained favorable for commercial insurance buyers, although insurers have doubled down on risk differentiation. While in Q2 many risks continued to see modest pricing reductions, conditions diverged by product, geography and risk quality, especially where catastrophe, casualty severity, cyber resilience or governance exposures were most acute. AI has begun to shape insurer behavior more visibly — improving data triage, underwriting discipline, and claims decision support. But it has also raised new questions for underwriters around model governance and how emerging technology risks should be priced and covered.

Jon Pipe

Head of Commercial Risk
Commercial Risk Solutions
Asia

Executive Summary

- Conditions in Asia have remained broadly favorable for well-managed risks, but renewal outcomes continue to vary by line of business, geography and industry. Property, cyber and directors and officers have generally seen the most favorable pricing and terms, while complex casualty, U.S.-exposed risks, property catastrophe and automobile have faced sharper underwriting scrutiny.
- Favorable conditions have been driven by abundant capacity, improved insurer profitability, healthy investment income and stronger competition from regional and international markets while challenging conditions are stemming from natural catastrophe volatility, heightened geopolitical risk, macroeconomic uncertainty, supply-chain fragility and adverse loss trends.
- As underwriting tools have advanced, buyers that have been able to clearly demonstrate resilient operations, mature governance and risk improvements have typically achieved superior pricing and coverage outcomes.
- AI has begun to have a meaningful influence on insurer behavior in pricing, underwriting, claims and services. Insurers are using AI and advanced analytics to triage submissions, identify risk signals, accelerate claims handling and refine risk selection. At the same time, insurers have begun to ask more questions about insureds' AI governance, cyber controls, data integrity and potential unintended or silent AI-related exposures.

Headlines

Positive Developments

- Most risks have continued to experience favorable pricing.
- Abundant capacity has created opportunities to improve terms, limits and coverage.
- AI is showing potential to improve underwriting speed, segmentation and risk selection.

Challenging Developments

- Market conditions have remained uneven, with prudent underwriting.
- Long-tail lines have remained under scrutiny as claims trends evolve.
- Insurers have been cautious on tackling AI-related exposure.

Q2 **Asia Market Dynamics**

Soft	-1-10%	Abundant	Flexible	Increased	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Pricing has remained buyer-friendly across much of Asia, as healthy competition and abundant capacity have driven flat to single-digit reductions for well-performing risks. However, renewal outcomes have varied by line of business, geography and exposure. Cyber, directors and officers, and preferred property placements have seen the most pronounced reductions. Some casualty and catastrophe-exposed risks have experienced pricing pressure depending on exposure and loss activity.

Capacity

Capacity has remained abundant overall, with healthy competition from both regional and international insurers looking for growth and diversification. This has given commercial insurance buyers a wider range of options on program structure and participation, with higher limits and improved line sizes available. However, property placements with significant catastrophe exposure and large complex casualty risks have faced relatively tighter capacity.

Underwriting

Underwriters have continued to show flexibility and they remain open and approachable, even as they rely more on data and analytics to help differentiate risks. Key insurer concerns include accumulation of catastrophe risk, casualty loss inflation, adequacy of cyber resilience, supply-chain vulnerability and business interruption dependencies. Insurers are exercising caution on AI-related exposures, including tightening governance questions and wording precision.

Limits

Overall, limit availability has continued to increase. Competition for preferred risks and tower participation has increased resulting in higher policy limits, reduced non-concurrencies and improved program efficiency. Towers for higher-hazard property, complex-casualty or special-situation risks have, however, remained more fragmented.

Deductibles

Deductibles have remained stable, although selective reductions for some preferred, well-performing risks are available. Insurers have continued to press for higher retentions on catastrophe-exposed property, complex casualty and placements with weaker controls, poor claims experience or limited transparency. Overall, the Q2 market is more flexible on deductibles than in recent years, yet fundamentally selective, particularly where insurers believe new technology, cyber interdependency, or operational complexity could amplify severity.

Coverages

Coverages have remained broadly stable, but with opportunities for enhancements where competition is strong and the risk profile is well understood. Insurers have continued to focus on wording precision around systemic risks, which have included catastrophe aggregation, war/geopolitical exposure, cyber triggers and emerging AI-related liabilities. As a result, clients may see both broader options and tighter clarifications in the same placement, making policy review and negotiation especially important.

Q2 **Asia Product Trends**

Moderate	Soft	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors & Officers	Property

Automobile

Conditions for automobile insurance have remained moderate across Asia with renewal outcomes shaped by fleet profile, jurisdiction, claims experience, repair cost inflation and data quality. Well-managed fleets with telematics and strong maintenance have typically achieved better outcomes while insurers have been cautious where loss severity has risen or fleet risk management has been weak. Capacity has remained available, but underwriters have increased differentiation by sector and operating environment. AI has helped improve claims triage, fraud detection and fleet analytics, but pricing has remained dependent on loss fundamentals.

Casualty

The casualty market remains soft in Q2, but renewal outcomes vary by sector, risk-type, exposure and claims experience. Capacity remains available and placements for local risks with strong risk management controls are typically experiencing unchanged or improved outcomes. However, pockets of underwriting caution remain, and underwriters continue to focus on inflation, litigation, contractual indemnity and accumulation potential. In particular, placements with U.S. exposure, product complexity or adverse claims trends have faced tighter conditions, especially for excess placements. With casualty conditions uneven, strong risk presentation and program design are critical.

Cyber

Cyber has remained one of the softest lines of business in Asia, with increased capacity and competition supporting price reductions and more favorable terms for most clients. Coverage enhancements and higher limits were achievable in Q2, especially for organizations that have strong cyber security controls, incident response and business continuity plans. That said, concerns for ransomware activity, cloud concentration, digital supply chain vulnerabilities, privacy regulation and accumulation have continued to drive increased underwriting scrutiny. AI has affected both cyber defense and threat actor capabilities, while at the same time it has also helped insurers sharpen their risk assessment. As a result, buyers are benefiting from favorable conditions while also facing a more sophisticated and robust review of cyber hygiene and AI governance.

Q2 **Asia Product Trends**

Directors & Officers

The directors and officers market has remained soft across much of the region, with strong capacity and competition supporting favorable pricing for quality risks. Insurers have continued to pay close attention to governance, financial resilience, disclosure and board oversight of issues such as cybersecurity, data privacy, supply-chain exposure and AI. Placements for clients in stressed sectors or those with weaker controls or exposure to certain jurisdictions have seen sharper differentiation by underwriters. For insureds, AI is both a market opportunity and a governance issue as insureds face greater requirements to show clear board oversight and accountability.

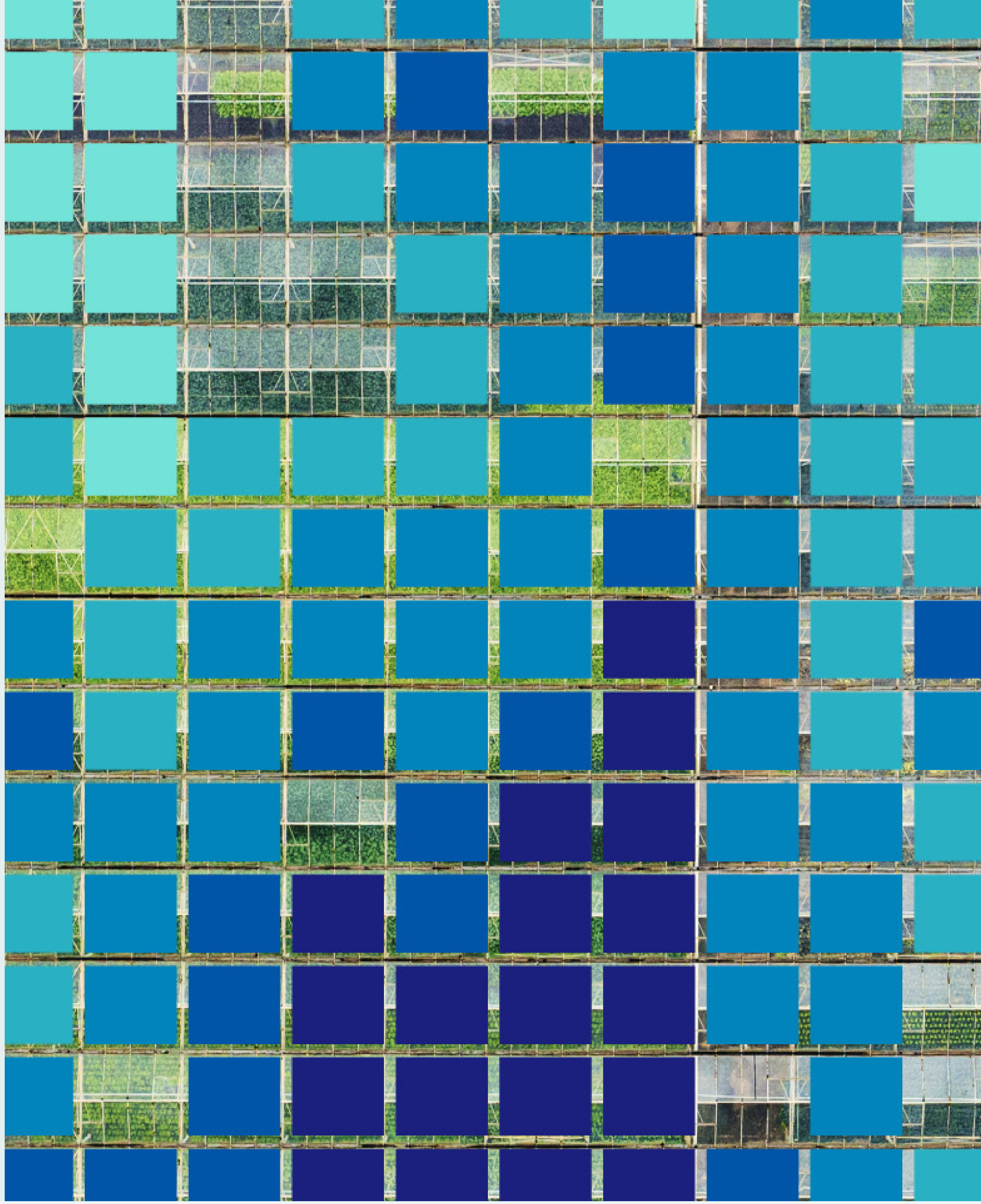
Property

Conditions for property have remained soft across Asia, with healthy levels of competition and capacity driving price reductions and creating more options for buyers. Well-protected risks with detailed exposure data, strong risk engineering, business continuity and clean loss records have typically achieved favorable renewal outcomes and superior terms. However, insurers have remained selective where valuations are weak or outdated, or catastrophe exposure, secondary perils or higher-risk occupancies are significant.

Q2 **Asia Advice to Clients**

- Start renewals early and provide robust, detailed submissions to insurers. Present high-quality exposure information, clear loss narratives and credible evidence of risk improvement in order to secure superior renewal outcomes.
- Treat resilience as a placement advantage. Well-documented cyber controls, catastrophe preparedness, supply-chain visibility and good governance will be rewarded by insurers.
- Use insurer competition strategically, but do not assume every line will behave the same. Test alternative structures, limits and wording improvements where conditions allow but be realistic in more challenging areas such as complex casualty, catastrophe-exposed property and emerging technology exposures where underwriting discipline remains firm.

EMEA Market Overview



Q2 EMEA Market Overview

Capacity and competition are working in clients' favor across many lines, yet heightened scrutiny around catastrophe, U.S. liability exposures and geopolitical risks means outcomes are increasingly dependent on quality of risk and data.

Erlantz Urbieta

Chief Broking Officer
Commercial Risk Solutions
EMEA

Executive Summary

- Favorable conditions have continued, characterized by broadly soft conditions for many buyers, underpinned by strong insurer and reinsurer financial performance. Benign natural catastrophe losses to date have supported positive results and helped maintain competitive reinsurance conditions, encouraging insurers to deploy capacity and pursue growth. As a result, insurers are increasingly focusing on new distribution channels, including facilities and delegated authorities, and on expanding into segments such as the middle market.
- This backdrop is creating a distinctly two-speed market. For property, casualty, cyber and directors and officers, competition and ample capacity are leading to favorable outcomes — rate reductions, enhanced coverage and greater flexibility on limits and deductibles — particularly for well-managed, good-performing risks. At the same time, commercial automobile and U.S.-exposed casualty have remained challenging, constrained by adverse loss trends, claims inflation and legal and regulatory uncertainty. In property, insurer appetite is more cautious for higher-hazard sectors and natural catastrophe-exposed risks, where capacity is more selective and terms remain firmer.
- War, political violence and marine and energy coverages have been affected by the conflict in the Middle East. Reinsurers have withdrawn or repriced war exposures in the Middle East while some clients in the energy and natural resources sectors have faced coverage gaps. Geopolitical volatility is expected to also drive claims inflation and higher loss costs.
- Merger and acquisition activity in the insurance industry has increased as insurers have sought to achieve growth plans. Increased cost pressures are expected to accelerate insurer AI adoption, which has the potential to drive further industry consolidation.

Headlines

Positive Developments

- Growth ambitions and insurer appetite have continued to expand.
- Insurer and reinsurer results remain strong.
- Enhanced coverage and improved terms are available for well-managed risks.

Challenging Developments

- Underwriting scrutiny has increased for certain classes.
- Geopolitical tensions, particularly in the Middle East, have impacted pricing and terms for war, political violence and marine coverages.
- Insurers are growing increasingly concerned over the sustainability of pricing in certain classes.

Q2 **EMEA Market Dynamics**

Soft	-1-10%	Abundant	Flexible	Flat	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Supported by abundant capacity and healthy competition, conditions in the EMEA region have remained soft, with modest reductions achieved for most preferred property, cyber and casualty placements. Automobile has remained more challenging, with continued upward pressure on pricing due to claims inflation. Pricing in the directors and officers market, while still buyer-friendly, has begun to moderate as insurers seek sustainable pricing levels, especially for complex or higher-risk profiles.

Capacity

Capacity in the EMEA region has remained abundant. New entrants, increased capacity from established insurers and facultative reinsurance has more than offset any gaps from insurer consolidation and market exits. In order to meet ambitious growth targets and mitigate price reductions, many insurers have expanded their appetite to include a broader range of risks. However, some insurers have reduced available capacity for specific critical risks, which has resulted in tighter conditions in some regional markets. In addition, insurers have continued to actively monitor and manage capacity for natural catastrophe and business interruption exposures. Capacity deployment has increasingly reflected insurer tolerance for volatility, the quality of underwriting data, and loss history.

Underwriting

Underwriting in the EMEA region has remained flexible. Strong insurer appetite and ambitious growth targets have resulted in broader conditions for the same rate, or even a reduction, especially for casualty and directors and officers. In parts of the region, insurers have been more flexible around risk quality and have reduced demands for certain underwriting information. However, placements in more challenging sectors — including automobile risks, higher-hazard and catastrophe exposed property, and U.S.-exposed casualty — have continued to face heightened scrutiny, potentially higher deductibles, more detailed sub-limits and restrictive wordings.

Q2 **EMEA Market Dynamics**

Limits

Limits have remained largely flat, although some clients have used premium savings to purchase additional limits, in particular, for U.S.-exposed casualty risks, property natural catastrophe and cyber. Some insurers have reduced limits for certain critical risks, although alternative capacity has generally been available to replace any shortfall. Aon's suite of Risk Analyzers has been particularly beneficial to help model and quantify limit requirements.

Deductibles

Across EMEA deductible levels have remained flat, in particular, where insureds have demonstrated robust risk management. For placements with good loss ratios in competitive lines of business like cyber, deductible decreases were available in Q2. In addition, some insureds that have already optimized deductibles are exploring total cost of risk or self-insurance solutions with a view to further reduce premium spend. Deductibles have, however, come under upward pressure for loss-affected risks, higher-hazard occupancies and catastrophe-exposed risks in property, automobile and U.S.-exposed casualty.

Coverages

Coverage terms have remained stable; however, heightened competition has increased opportunities to secure enhanced coverage, particularly for property, cyber and directors and officers. Insurers have also been open to providing long-term agreements and increasing sub-limits. However, the Middle East conflict has severely impacted war, political violence, marine and energy risks exposed to the Middle East. Where standalone political violence cover has not been purchased, standard war exclusions have left some buyers with coverage gaps, especially for energy and natural resources risks. Reinsurers have withdrawn or repriced war exposures, issuing cancellations and offering highly conditional, short-term capacity at elevated premiums and deductibles.

Q2 **EMEA Product Trends**

Moderate	Soft	Soft	Moderate	Soft
Automobile	Casualty	Cyber	Directors & Officers	Property

Automobile

Despite ample capacity, the commercial automobile market has remained moderate due to claims inflation, including higher bodily injury awards and vehicle repair costs, especially for electric vehicles. In Q2, insurer appetite for new business was limited, especially public transport and road hauler risks. Risks with adverse claims experience faced increased pricing and higher deductibles. Underwriters remained cautious of unfamiliar models — typically from Chinese manufacturers - where the risk is less well understood. That said, parts of the EMEA region have started to see increased competition, pricing moderation and deductible stability. Some well-managed risks have even benefited from price reductions as insurers focus on retaining preferred risks. Some insurers have indicated a greater willingness to accept more challenging exposures, including public transport risks.

Casualty

Conditions in Q2 are buyer-friendly with many insurers looking to write more casualty business. This competitive landscape has created opportunities for insureds to review insurer relationships, especially for well-managed, good-performing risks. While pricing has remained buyer-friendly for local risks in Europe, underwriters have remained cautious of U.S. exposures. Adequate capacity remains available for placements with U.S. exposure, but line size and attachment point management is an important focus for casualty underwriters.

Cyber

The cyber insurance market in the EMEA region has remained soft. Competition has intensified as capacity and limits have increased and as insurers have become more confident in their underwriting. As a result, pricing has remained soft and coverage has broadened, especially for preferred, well-performing risks. Insurers have continued to monitor the changing risk environment as reliance on digital supply chains has grown and as cyber criminals have expanded their use of AI.

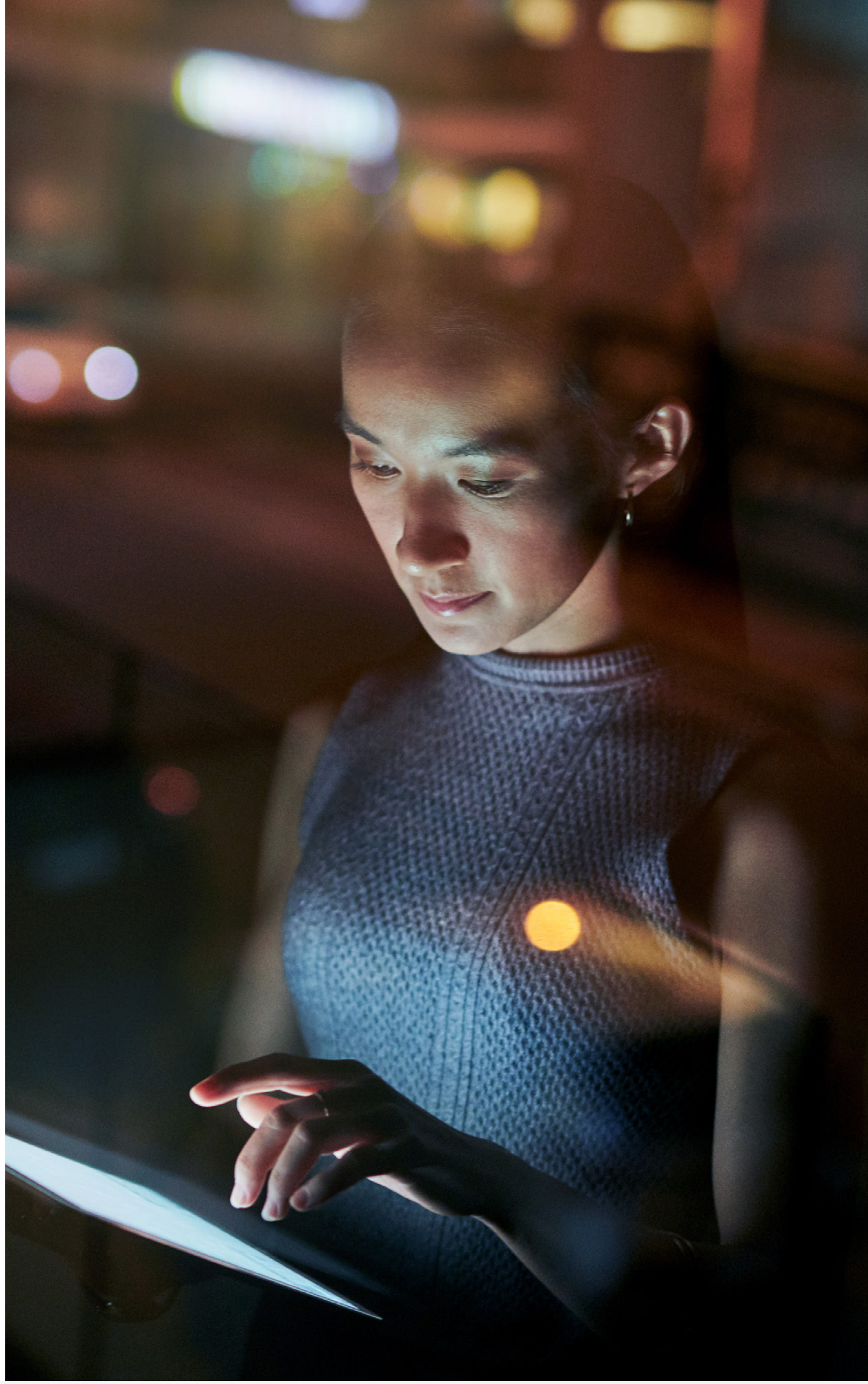
Q2 **EMEA Product Trends**

Directors & Officers

The directors and officers market has remained buyer-friendly with healthy capacity and ongoing competition for well-performing risks. However, insurers have increasingly expressed concern for rate adequacy, particularly for complex or higher-risk profiles. Claims notifications have increased in areas such as cyber-related exposures, fraud, employment-related disputes and shareholder activity. Such risks are typically technically demanding, multi-jurisdictional and take longer to resolve, driving up defense costs even before ultimate settlement values are clear. In light of this, some insurers are adjusting the pricing and coverage positions that characterized the soft phase of the directors and officers market cycle. Aon's Q1 quarterly pricing index has again showed an overall increase in U.S. public company pricing for the second successive quarter, following 18 consecutive quarters of decreases.

Property

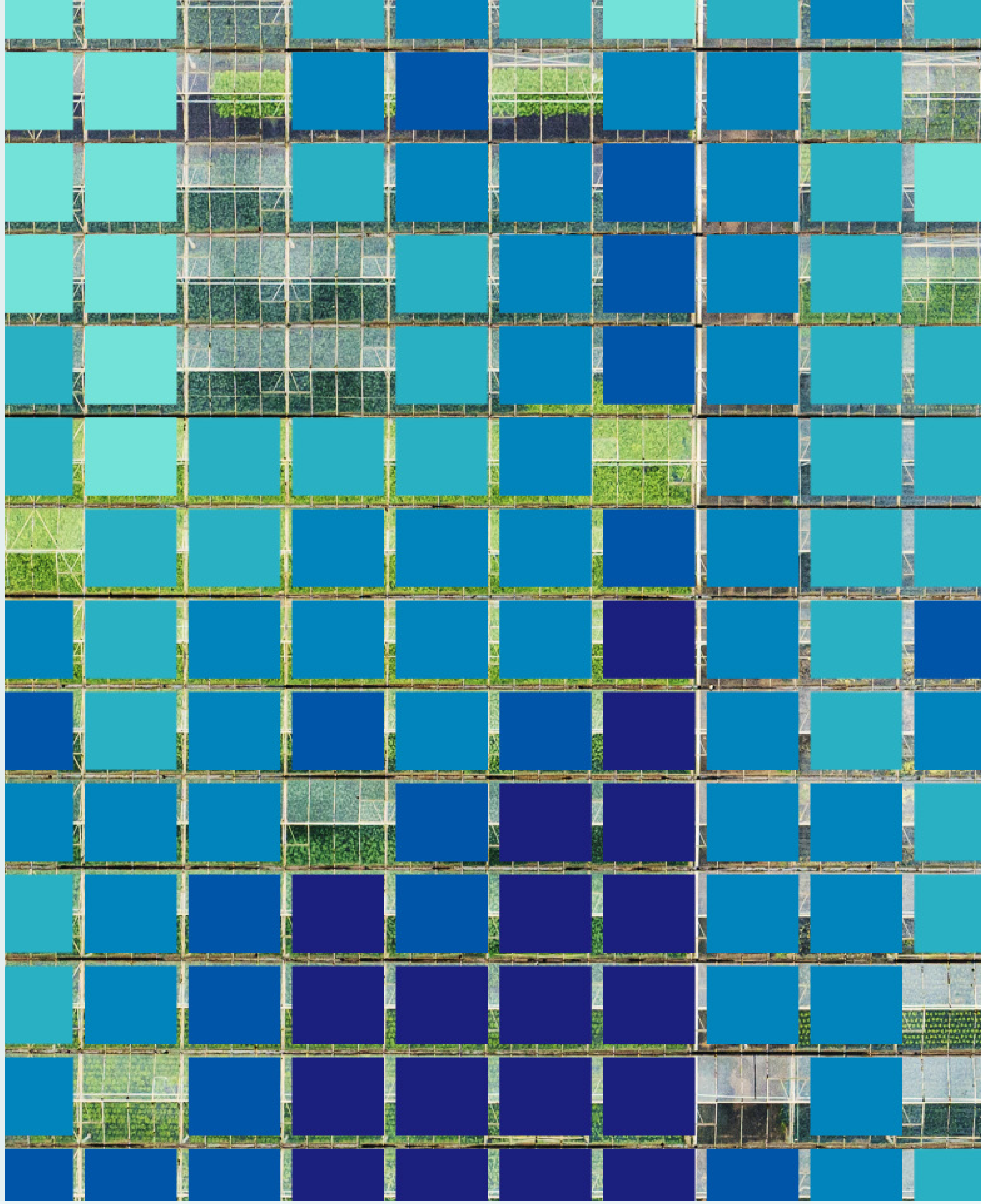
Conditions in the property market have continued to soften with significant rate reductions available for large and complex risks across much of the region. Capacity has remained abundant and oversubscription common. Favorable conditions have expanded into the middle market segment and insurers have increased their appetite for some industry groups that were previously less desirable. Buoyed by good financial results and eager to retain market position, insurers have become more open to offering broader wordings and increased limits. Deductible reductions are available for some attractive placements with good loss records and robust underwriting information. More challenging pockets have remained, including certain high-hazard industry sectors and large natural catastrophe exposures.



Q2 **EMEA Advice to Clients**

- Begin renewal and placement discussions well in advance to take full advantage of the current buyer-friendly environment. Early engagement allows more time to access the most attractive capacity, especially for larger and more complex programs.
- In a market where insurers are starting to question further improvement in terms and conditions, robust risk information and a clear narrative around risk management, controls and performance remain key to meeting risk transfer objectives.
- Revisit your insurer panel to ensure it reflects today's abundant capacity and robust appetite. Consider re-balancing share among markets, introducing new insurers or consolidating placements where this can deliver improved terms and more strategic, partnership-oriented relationships.
- Where you achieve premium reductions, evaluate opportunities to reinvest some of the savings into risk enhancements — for example, purchasing additional limits (particularly for catastrophe, cyber or U.S.-exposed casualty), improving coverage breadth, or funding risk control initiatives that strengthen your long-term risk profile.
- Use current favorable conditions to build resilience through multi-year or long-term agreements where appropriate, and by exploring alternative risk transfer options, such as structured or parametric solutions. These strategies can help mitigate the impact of future volatility in both insurance and reinsurance markets.

Latin America Market Overview



Q2 **Latin America Market Overview**

The Latin American insurance market has remained broadly soft, supported by abundant capacity and strong competition across key economies. The growing use of advanced analytics and AI in the insurance industry has helped improve risk differentiation and reward well-managed risks with better terms, as well as create efficiencies in quoting and risk assessment processes for underwriters.

Natalia Char

Head of Commercial Risk Solutions
Latin America

Executive Summary

- The Latin American insurance market remained soft with continued reductions across all major lines of business. Double-digit decreases remained available in Q2, especially for well-managed corporate property risks, although the pace of price reductions has begun to moderate as insurers seek to balance growth with profitability.
- Underwriting remained prudent yet accommodating for good quality risks. Underwriters across the region have continued to scrutinize natural catastrophe, cyber and security-driven exposures.
- Analytics tools and AI were increasingly embedded in underwriting and advisory, enabling more tailored solutions for clients and strengthening the link between risk quality and terms.

Headlines

Positive Developments

- Abundant capacity has continued to lead to buyer-friendly conditions.
- Strong reinsurer appetite has supported improved terms for large complex risks.
- AI and analytics have enabled faster and more tailored solutions.

Challenging Developments

- Prolonged softness has intensified competition and margin pressure, especially in higher-volume lines.
- Quake and terrorism risks have remained key concerns for insurers.
- Complex, cyber and loss-affected risks have faced greater scrutiny.

Q2 **Latin America Market Dynamics**

Soft	-1-10%	Abundant	Prudent	Increased	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Pricing in Latin America has remained soft overall, with many programs achieving reductions at renewal. Clients with strong governance, clear risk controls and good loss records have secured the most favorable outcomes, with double-digit reductions available for some preferred property risks. In some geographies and higher risk sectors, decreases have begun to moderate and underwriters have increased their focus on the quality of information and risk management.

Capacity

Capacity across the region has remained abundant and is a central driver of the soft conditions and competitive terms in the region. Insurers and reinsurers are supporting sizeable programs; co-insurance and facultative reinsurance is available to secure higher limits for complex or catastrophe-exposed risks.

Underwriting

Underwriting has remained prudent overall as insurers seek to balance soft conditions with technical discipline. Competitive terms are available for well-managed risks that have good information and stable loss histories. However, insurers have shown limited appetite to further relax terms where profitability could be affected. Across the region, more complex, catastrophe-exposed, cyber and casualty risks, as well as loss-affected programs, have been subject to scrutiny. More sophisticated insurers have continued to increase their use of data, analytics and AI-enabled tools to assess exposures and differentiate risks with stronger controls. Overall, high-quality risks have enjoyed a buyer-friendly environment while insurers have maintained underwriting standards where volatility and severity are potentially higher.

Limits

Limits have trended higher across Latin America and particularly in the largest markets where capacity is strongest. For well-managed risks, insurers have been willing to support increased policy limits and sub-limits, and have used capacity as a key lever to compete and retain attractive risks.

Deductibles

Deductibles have typically renewed on flat terms across much of Latin America. Insurers have sought to maintain existing retention levels, although in select cases where performance has been strong and competition high, reductions have been available.

Coverages

Coverage terms have remained stable, with most risks renewing with expiring conditions; however, the soft market environment and abundant capacity has supported targeted enhancements for well-managed risks with strong governance and clear risk information.

Q2 **Latin America Product Trends**

Soft	Soft	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors & Officers	Property

Automobile

The automobile market has remained soft, with competitive conditions available for most corporate fleets. In particular, well-managed fleet risks that have evidenced strong controls and quality data typically maintained broad coverage, favorable terms, and stable or discounted pricing. In Mexico, expected cost or tax-driven pressures have not fully flowed through to large commercial programs, with rate increases more visible in individual or retail business. Overall, underwriting has remained flexible but insurers have paid close attention to loss frequency, theft trends and large-loss events, especially in higher-crime areas.

Casualty

The casualty market has remained soft, but with increased differentiation by risk profile. Supported by healthy levels of capacity and competition, well-performing risks in higher-volume markets continued to achieve flat to modest rate reductions. However, some insurers have taken a more cautious stance for complex liability exposures, high-hazard industries and loss-affected portfolios, which has resulted in flat pricing and tighter terms. Using data and analytics to differentiate risks, underwriters have placed greater emphasis on governance, safety culture, contractual risk transfer and historical loss patterns. As a result, high-quality casualty risks across the region have continued to benefit from soft-market conditions, while more volatile risks have experienced more limited flexibility on price and structure.

Cyber

The cyber market has remained soft as abundant capacity — both local and international — has continued to exert downward pressure on rates. Insurers have rewarded well-managed risks with broader coverage and higher limits, while complex and/or loss-affected risks have experienced greater underwriting scrutiny, tighter conditions and more conservative structures. Underwriters have differentiated sharply between risk profiles, using analytics and AI to evaluate controls, inform pricing and refine underwriting guidelines, which is improving the link between risk quality and terms.

3

Q2 **Latin America Product Trends**

Directors & Officers

With abundant capacity and increased market confidence, conditions for directors and officers insurance have remained soft in Latin America. Many clients have renewed their programs with reductions or flat pricing, especially where governance, financial performance and disclosure standards are high. Underwriters have remained focused on sector-specific risks, macroeconomic conditions and political developments but have generally been willing to offer enhanced terms for preferred risks. Through the greater use of financial analytics and external data, insurers are better able to assess governance and disclosure quality, which is leading to more tailored pricing and limits across the region. Competitive facultative and treaty reinsurance markets have supported the availability of limits for large and complex programs.

Property

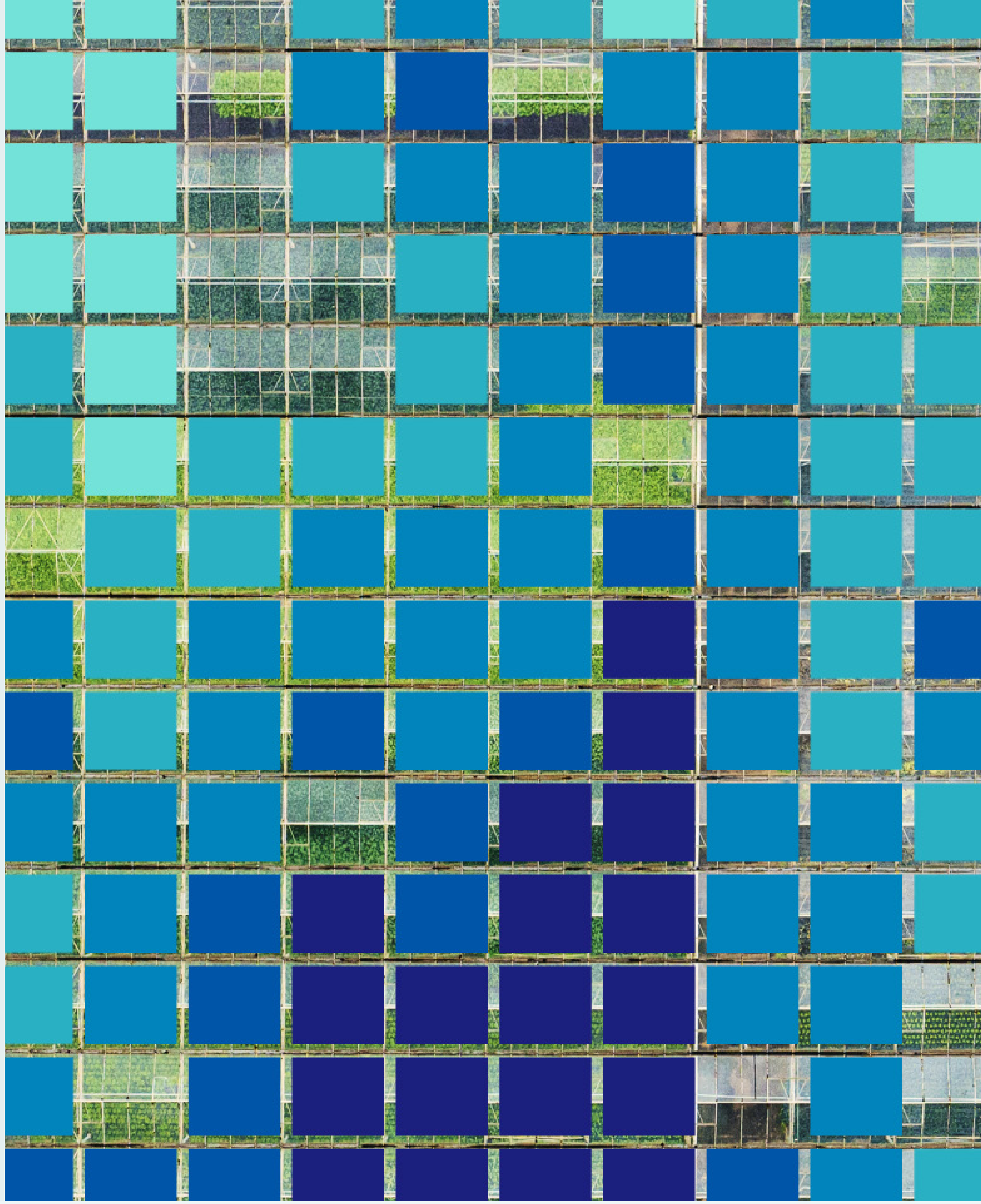
The property market in Latin America has remained soft. Preferred and well-managed risks are seeing low double-digit price reductions in Q2 — a moderation of previous quarters' pricing. Natural catastrophe perils, particularly earthquake and related business interruption, have continued to experience scrutiny around rate adequacy, limits and sub-limits. Overall, capacity has remained abundant, with healthy competition from local insurers, international reinsurers and facultative reinsurers, which continue to support large industrial and catastrophe-exposed placements. Across the Latin America region, Aon has leveraged surplus capacity and competition to maintain or improve terms for clients, and support investments in risk engineering and protection measures.

3

Q2 Latin America Advice to Clients

- Take advantage of soft market conditions to optimize program structure and coverage, reviewing terms, limits, sub-limits and deductibles against exposures, especially for natural catastrophe, cyber, casualty and terrorism-related risks.
- Provide high-quality information on exposures, loss history and loss prevention measures. This will help differentiate your risk and secure better pricing, broader coverage and higher limits as the insurance industry makes greater use of data, analytics and AI.
- Focus on coverage quality and value-added services at renewal. For example, look to improve the clarity and scope of business interruption and ransomware coverage, and access to services such as incident response, vulnerability assessments and training. Treat the renewal as a resilience exercise, rather than only a pricing negotiation.

North America Market Overview



Q2 **North America Market Overview**

AI is enabling insurers to fundamentally change the way they handle repetitive, manual tasks so underwriters can devote more of their energy to working with customers and brokers—having deeper conversations, solving complex problems, innovating, and building trust. As the routine work is increasingly handled by machines, the human work of listening, advising, and nurturing relationships doesn't diminish in value; it becomes the most important differentiator we have.

Brian Wanat

Head of Commercial Risk Solutions
North America

Executive Summary

- Conditions in North America remained moderate in Q2, although renewal outcomes varied by line of business and geography. Record levels of capital supported further price reductions, improved terms and the rollback of some hard market restrictions for property. In contrast, U.S. automobile and umbrella pricing continued to see modest increases and some capacity constraints, particularly for higher-hazard risks.
- The cyber market has remained soft, yet persistent ransomware activity, digital supply chain events and longer tail loss development have tempered price reductions and created pockets of stress. Insurers continue to develop key coverage features, including changes designed to support faster and more predictable recoveries.
- After an extended period of price reductions, directors and officers pricing in Q2 was close to flat with some higher-risk sectors like healthcare and technology seeing modest increases. Coverage has remained broad and some insurers have released new policy forms and enhancements.
- Despite insurer growth ambitions, underwriting has remained prudent as insurers maintain a disciplined approach to capital deployment and submission requirements. For property, underwriters have continued to scrutinize business interruption exposures closely. Underwriting for political violence has become more stringent in light of ongoing geopolitical instability.

Headlines

Positive Developments

- Buyer leverage has increased as capacity surges and competition intensifies.
- Workers' compensation and Canadian casualty remain favorable.
- Data centers are driving additional capacity demand.

Challenging Developments

- Cyber and D&O face evolving exposures; reductions have continued to moderate.
- Insurer consolidation has emerged as a challenge for large towers.
- Underwriting criteria for political violence has become more stringent.

Q2 **North America Market Dynamics**

Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Conditions in North America were moderate in Q2, although outcomes varied across risk type, line of business and geography. In the U.S., abundant capacity and intense competition have continued to produce premium reductions for property and workers compensation while Canada has seen double digit reductions for property, casualty and cyber. By contrast, automobile and casualty lines in the U.S. have continued to experience upward pricing pressure, while prior-year loss deterioration and claim frequency have tempered reductions for cyber. After an extended period of declining prices, pricing for directors and officers has been mostly flat at Q2 renewals with some higher-risk sectors seeing modest increases. Canadian insurers are increasingly willing to offer long-term agreements on some lines of business such as general liability and property, enabling buyers to lock-in current market pricing.

Capacity

Capacity has remained ample overall but has varied by line of business. New market entrants and the expanded appetite of established insurers has led to oversubscription for many property programs. In contrast, capacity for U.S. umbrella and excess liability towers remained relatively unchanged, while capacity for directors and officers has tightened somewhat for sectors with a history of elevated claim frequency and severity, such as healthcare, technology and financial institutions. The build-out of data centers worldwide continues to amplify demand for property capacity and has created both a structural challenge and growth opportunity for the insurance market.

Underwriting

Underwriting remained prudent in Q2, although insurers continued to be flexible. Best in class risk selection and applying underwriting discipline have remained priorities, even as insurers have continued to target growth. For property, insurers have shown greater underwriting flexibility but have continued to scrutinize business interruption exposures closely, in particular for contingent risks, key suppliers and customers. Underwriting criteria for political violence has become more stringent for multinational clients in light of ongoing geopolitical instability. Loss prevention and risk engineering has come into focus for insurers as attritional losses have begun to erode their profitability. Insurers have continued to deploy analytics tools to support underwriting decisions. For example, they have used catastrophe modeling to introduce sub-limits for higher hazard zones in property.

Q2 North America Market Dynamics

Limits

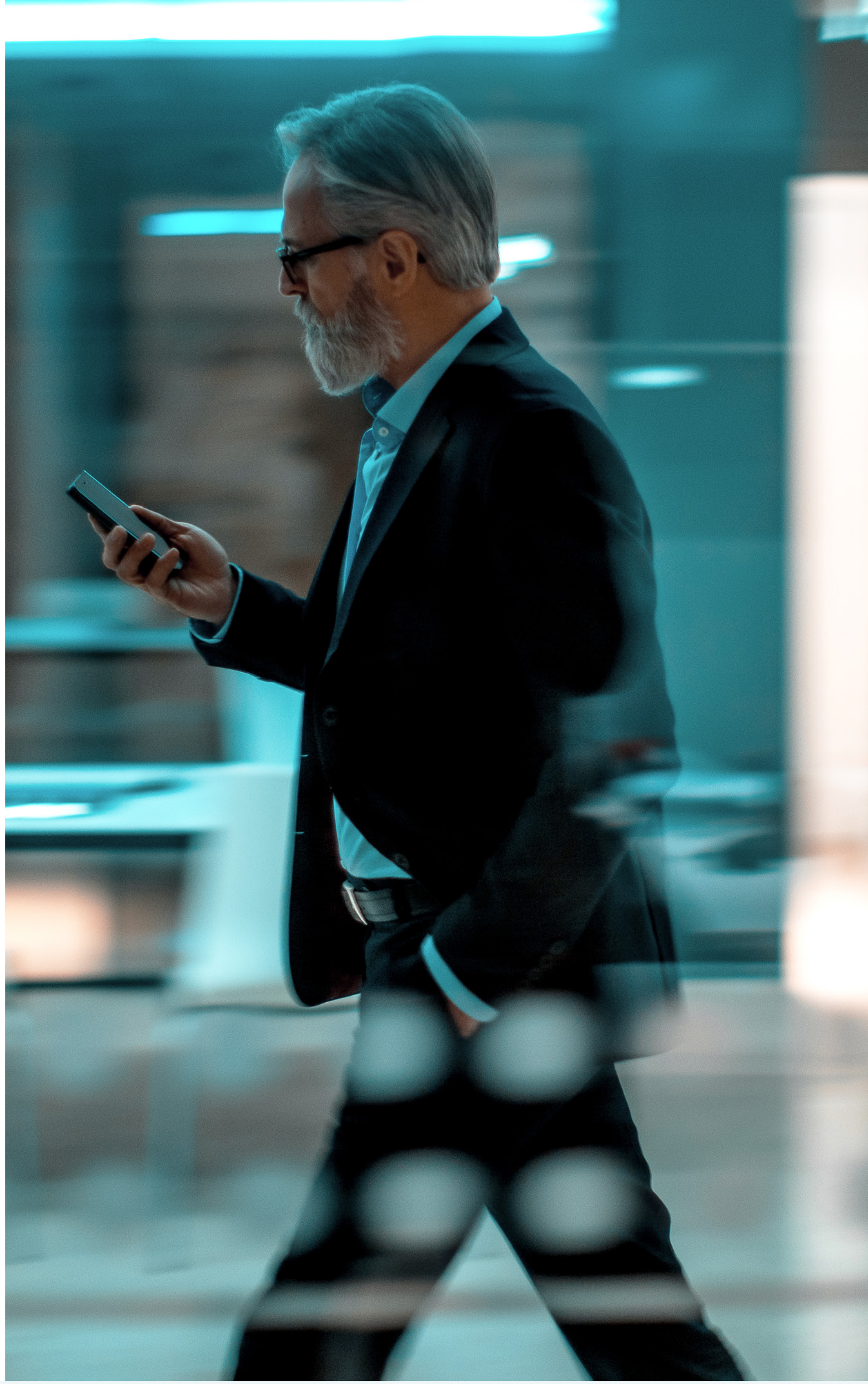
Limits have remained broadly flat, although it has become increasingly common for insureds to reallocate premium savings to secure higher limits and increase sub-limits. Further insurer consolidation could begin to compress available limits on large tower placements for directors and officers.

Deductibles

Deductible levels have remained flat, although some insureds have explored potential changes in program structure to manage pricing and capacity dynamics. In some instances, surplus capacity has enabled the return of property deductibles back to pre hard market levels. For cyber, insureds with strong security controls have assessed different deductible configurations in exchange for added flexibility and, in some cases, incremental catastrophe limit. Casualty buyers are increasingly considering higher retentions as a tool to reduce overall total cost of risk or stabilize insurer rate volatility.

Coverages

Overall, coverages have remained stable, although more insurers have been open to targeted enhancements. For property, oversubscription and competitive pressure have led to broader terms, either through enhanced coverage or the rollback of restrictions introduced during the hard market. In addition, coverage extensions have broadened in areas like service interruption, civil authority and water ingress/egress. For cyber, insurers have made improvements to key coverage features, particularly around privacy liability and business interruption. By contrast, casualty insurers have continued their underwriting diligence with respect to PFAS, sexual abuse and misconduct, biometric and other data-privacy exposures.



Q2 North America Product Trends

Moderate	Moderate	Soft	Moderate	Soft
Automobile	Casualty	Cyber	Directors & Officers	Property

Automobile

The U.S. commercial automobile insurance market has remained the most challenging primary casualty line of business. High single digit rate increases have continued. Insureds with unfavorable loss experience or more complex risk profiles — such as large or expanding fleets — have experienced the greatest upward pressure. Underwriting has remained disciplined and placements with significant hired and non-owned exposures face additional scrutiny. In Q2, underwriters are maintained a strong focus on catastrophic loss potential and contingent exposures, including detailed evaluation of contracts with common carriers, fleet safety practices, open large losses, and operating radius or mileage data.

In Canada, pricing has been more favorable, although fleet automobile remains an unprofitable line of business for most insurers. Best-in-class risks with strong hiring practices, telematics and superior fleet safety protocols continued to achieve modest rate reductions in Q2.

Casualty

The casualty insurance market has remained moderate but with varied renewal outcomes by line of business, geography and risk profile. In Canada, increased capacity and strong competition has helped drive double-digit decreases for casualty. U.S. workers' compensation has continued to be competitive, resulting in generally flat to modestly declining rates, particularly for insureds demonstrating strong safety performance and favorable loss trends. In contrast, the U.S. umbrella and excess liability market has remained firm but stable and characterized by disciplined underwriting. Lead umbrella capacity has remained constrained, although competition has improved in higher layers for well performing risks. Conditions for U.S. general liability have been moderately firm, with average rate increases in the mid single digits and greater variability for higher hazard or loss impacted risks. Across all liability lines, insurers have continued to focus on emerging and severity driven risks, underscoring the importance of proactive risk management and strategic program positioning.

Cyber

The cyber insurance market in Q2 has been characterized by modest price reductions, broad coverage and relatively unchanged limits. However, persistent ransomware activity, digital supply chain incidents, longer-tail cyber business interruption losses and unfavorable development on prior years' privacy liability claims have contributed to a moderation of rate decreases. Insurers have closely monitored the evolving risk landscape, including a growing reliance on third-party technology and cyber criminals' leverage of artificial intelligence. Certain industry sectors, including healthcare, airlines, education and public entities, have also continued to experience tighter market conditions. Meanwhile, the cyber insurance market has continued to develop key coverages. Privacy liability and business interruption coverages, for example, have been enhanced to support faster and more predictable recoveries, such as parametric triggers and pre-set thresholds for expedited payments.

Q2 **North America Product Trends**

In Canada, evolving legal and regulatory developments present additional, country specific concerns. Maturing privacy litigation frameworks may increase exposure for organizations that collect, use, or otherwise handle personally identifiable information. Tightening regulations, including proposed measures such as Bill C-8, are expected to hold many federally regulated entities to higher standards of governance and to impose more significant consequences for non compliance. Together, these trends underscore the importance for organizations operating in Canada to proactively reassess their cyber risk posture, compliance programs, and incident response capabilities.

Directors & Officers

After an extended period of reductions, pricing for directors and officers coverage has moderated. Overall, pricing remained close to flat in Q2, with some higher-risk sectors like healthcare and technology seeing modest increases. Pricing pressure has also increased for middle and higher excess layers. Coverage has remained broad and enhancements are available to streamline and clarify language and to reduce exclusionary wordings. Several insurers have also released new primary public policy forms. Capacity remained ample in Q2, but the impact of insurer consolidation continues to be closely monitored. While there have been a number of AI related securities claims, it is too early to assess the implications for the market. The current environment continues to present an attractive opportunity for buyers to reset D&O programs, unwind residual hard market restrictions, and use excess capacity to improve both economics and wording, while ensuring boards can clearly articulate oversight of AI strategy, risk management, and transparency in related disclosures.

Property

Capacity in the property market has remained abundant and competition has intensified as underwriters focus on growth, supported by favorable treaty reinsurance renewals. Most non-catastrophe exposed risks have achieved double-digit pricing reductions, while placements with recent or significant losses have faced modest rate increases. As insurer appetite has broadened, historically challenging risks, such as food, real estate, chemical, pharma and heavy manufacturing, have benefited from abundant supply. Underwriting has remained flexible and many clients have taken the opportunity to use premium savings to adjust deductibles, policy limits and sub-limits. Insurers have been more willing to offer coverage enhancements and to revisit some hard market coverage restrictions, with insurers showing greater flexibility around service interruption, civil authority, and water ingress/egress coverage.

Previous
North America Product Trends

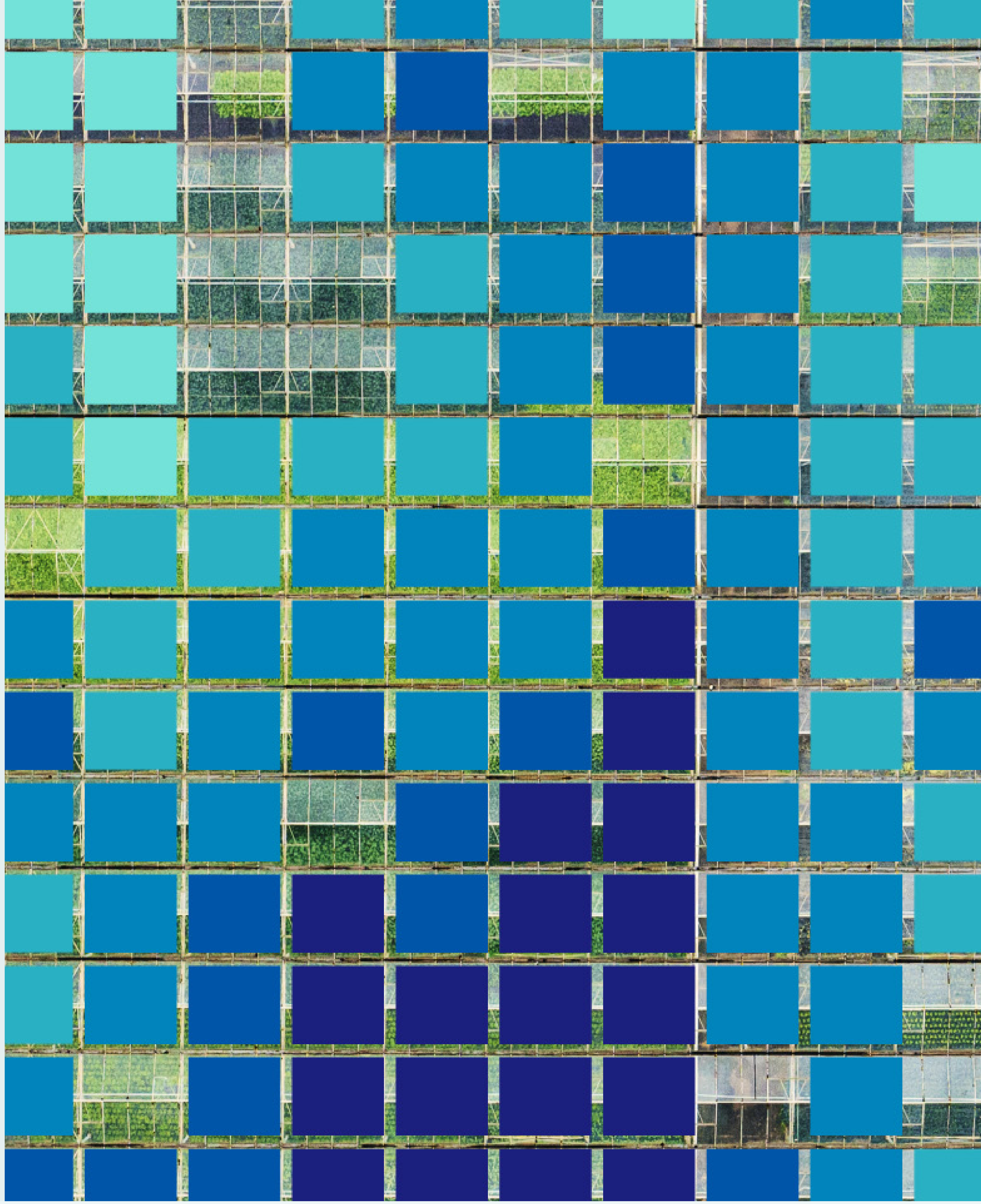
Next
North America Advice to Clients

3

Q2 **North America Advice to Clients**

- Leverage advanced risk analytics to define risk tolerance and evaluate the effectiveness of the current program against alternatives available in the market.
- Be strategic about insurer partnerships and select insurers with proven industry expertise and service capabilities. Remain cautious of capacity from insurers not fully committed to the sector.
- Align primary and low excess cyber insurers and ensure they have a deep understanding of the organization's security posture and roadmap. Tailor policy mechanics to fit the incident response plan.
- Develop a clear strategy for program enhancements and risk protection, channeling savings into deductibles, sub-limits and coverages that align with exposures and tolerances.
- Prepare for the next market cycle by investing in loss prevention and risk control measures while the market is soft.
- Evaluate multi-year deals to lock in favorable terms — especially when switching insurers — and take a strategic approach to achieve the right balance of price, volatility and capacity.

Pacific Market Overview



Q2 **Pacific Market Overview**

Insurance market conditions in the Pacific region remained soft in Q2, driven by a surplus of capital and strong underwriting results.

Matt Langham

Chief Broking Officer — General Lines
Commercial Risk Solutions
Australia

Executive Summary

- Market conditions have remained soft for almost all major lines of business, driven by abundant capacity and intense competition from both local and insurers and international markets.
- Automobile has been the main exception to the market softening, with inflation-linked pricing increases for well-performing risks. Conditions for directors and officers have continued to moderate.
- Insurers have increased scrutiny for risks exposed to the Persian Gulf region, particularly for political violence and terrorism policies, as well as marine.

Headlines

Positive Developments

- Property and casualty conditions have continued to soften driven by sound underwriting profit and surplus capital.
- Deductible reductions have been available for well-managed risks particularly in short tail classes such as property.
- AI has helped speed up and improve accuracy of submission analysis.

Challenging Developments

- Inflationary pressures and supply chain disruption driven by geopolitical instability remain a watch point for insurers.
- Cyber insurers remain cautious of systemic risks, catastrophe scenarios, evolving threat actor tactics, supply chain vulnerabilities and the increased use of AI.
- Worker-on-worker losses have been deteriorating, but casualty conditions remain soft.

Q2 Pacific Market Dynamics

Soft	-1-10%	Abundant	Flexible	Increased	Decreased	Broader
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

The pricing environment has remained favorable for buyers, with abundant capacity driving intense competition and rate relief across most major lines of business. Large corporate property placements have seen heightened pricing pressure as insurers have sought to meet premium budget targets. Underwriters for long-tail lines of business have continued to monitor claims inflation, although competition has kept market conditions soft.

Capacity

Capacity has continued to be attracted to the Pacific region, particularly for risks that articulate their risk management philosophy in detail. In the current, competitive climate, Aon is supporting corporate buyers in leveraging surplus capacity from local, European and regional Asian insurers to drive favorable renewal outcomes. The data center boom in the Pacific region has presented a significant growth opportunity for insurers. These risks are capacity intensive and insurers are investing resource in understanding the exposures and developing their value proposition in this new area.

Underwriting

Underwriting has been flexible and insurers are willing to revisit coverage restrictions that were applied during the previous hard market phase. Insurers have increasingly used AI to speed up and improve the accuracy of submission analysis.

Limits

The surplus of available capacity has provided clients with options to increase limits in Q2 and many have taken the opportunity to buy back limits that may have been restricted in previous harder market cycles. Insurers remain prudent in their deployment of capacity for critical natural catastrophe exposed risks, or those with attritional loss histories.

Deductibles

Deductible reductions were available in Q2 for buyers that have demonstrated a strong risk management culture and that have a favorable claims history. The exception is for automobile, where insurers have sought to raise retention levels for placements with below-market average excess levels.

Coverages

Coverages have broadened overall and enhancements have been offered as insurers strive to differentiate their product offerings. For example, property insurers have broadened write-back coverage related to cyber exclusions and have been willing to offer other enhancements to restore coverages previously restricted in the hard market, including business interruption extensions for infectious disease outbreaks. By contrast, insurers have been monitoring the potential impact of geopolitical instability on supply chain disruption and inflation, especially with regard to the situation in the Middle East. Marine insurance and political violence and terrorism coverages exposed to the Persian Gulf have been among the most affected lines of business. Underwriters have been increasingly focused on operational disruption, contingent business interruption and territorial definitions, particularly where there is indirect exposure to the Middle East or key trade routes.

Q2 **Pacific Product Trends**

Moderate	Soft	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors & Officers	Property

Automobile

Automobile insurers have continued to navigate higher claims costs, which have been driven by longer repair times, labor shortages and supply chain delays. Typically, well-performing fleets experienced inflation-linked pricing adjustments in Q2, while placements with higher-frequency claims experience have received more substantive increases. Underwriting has been flexible and insurer appetite broad for most industries. Insurers have sought to raise retentions for placements with below-market average excess levels.

Casualty

The casualty market remained favorable in Q2 as insurers pursued ambitious new business targets, driving strong competition and favorable pricing and terms, particularly for preferred risks. In several areas, notably worker-to-worker risks, losses have continued to deteriorate. Clients with adverse losses and/or highly complex risks are leveraging long-term relationships and emphasizing improvements in risk management to secure optimal renewal outcomes.

Cyber

Market conditions for cyber have remained soft amidst a well-capitalized environment. Underwriting has been relatively flexible, but a consistent baseline of security controls is required. Clients that clearly demonstrate controls and continued investment in incident response planning and training have achieved optimal outcomes. Insurers remain cautious of systemic risks, catastrophe scenarios, evolving threat actor tactics, supply chain vulnerabilities and the increased use of AI. Recent large losses globally, combined with a broad increase in claims frequency, have led more clients to capitalize on current favorable conditions to secure advantageous terms.

Directors & Officers

Clients continued to benefit from favorable conditions in Q2, although downward pressure on pricing has moderated. Insurers have sharpened their focus on emerging claims drivers, including AI and cyber governance. ESG and mandatory climate disclosures also remain under scrutiny. The Australian securities class action outlook remains uncertain, with pending court decisions expected to bring about greater clarity. Against this backdrop, insurers have been more willing to offer long-term agreements, offering buyers more certainty and insurers more sustainable returns.

Property

Heightened competition and abundant capacity drove double-digit price reductions in Q2. Even some challenging risks have attracted oversubscription, supporting favorable renewal outcomes. Competition has been especially fierce for large corporate risks as insurers seek to meet their premium budget targets. Insurer growth ambitions and focus on top-line revenue growth have expanded buyer choice and enabled the removal of some restrictive terms.

Q2 Pacific Advice to Clients

- Take advantage of favorable conditions to optimize program structures and push for broader coverage. Right-size program limits, deductibles and conditions while conditions are buyer-friendly.
- Develop a strategic market engagement plan that leverages new entrants and incumbent relationships alike to achieve optimal renewal results.
- Use all available tools, including predictive analytics and AI, to better understand current and potential future exposures in greater detail and optimize total cost of risk.

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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