

Facing tomorrow **starts today.**

NAVIGATING

Q2

Top Commercial
Insurance Trends



NOW



Gallagher

INTRODUCTION

5 Commercial Insurance Trends for Q2 2025

Gallagher's global team of insurance professionals is closely monitoring a market that's stabilizing in certain areas yet still facing challenges due to ongoing loss trends. We're here to help you navigate the current market by providing insights and clear actions so you can make informed decisions ahead of your next renewal.

Here are five key trends the Gallagher retail brokerage experts are watching in Q1 2025:



Loss Trends Persist Despite a Stabilizing Market

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KEY TREND #1

Loss Trends Persist Despite a Stabilizing Market

After years of challenges, we are seeing positive signs of stability in the commercial insurance marketplace.

In 2024, reinsurance treaty renewals were more orderly following a tough 2023. Market dislocation eased as carriers worked to stabilize their capacity and limits. Carrier financials improved, with many reporting better combined ratios, which is contributing to rate moderation. Competition among carriers is on the rise — offering more options and capacity.

Despite these positive trends, we're seeing loss trends continue, and it's important to remember that rising storm activity, wildfires, labor shortages, supply chain challenges, social inflation, litigation funding and cyberthreats are ongoing. With these exposures, clients must remain vigilant about the market and be proactive beyond risk transfer strategies and obvious risk improvement.

ACT NOW

- Seek out better data to inform your risk appetite, including Construction, Occupancy, Protection and Exposure (COPE) data and CAT modeling.
- Prioritize risk improvements with your broker to optimize your investment.
- Be transparent with underwriters about specific areas of risk improvement in your market submission.



KEY TREND #2

Commercial Auto Challenges Demand Creative Solutions

Commercial auto is currently the most challenging line across the casualty market, not only from a pricing perspective but also due to limited capacity and coverage availability.

We're monitoring a rise in frequency and severity of commercial auto claims driven by a severe driver shortage, an increase in distracted driving and larger jury awards resulting from claims (also known as nuclear verdicts). Supply challenges are delaying repair times and increasing costs in some cases. We're also seeing the adoption of e-vehicles (EVs) start to rise, and carriers are starting to react to more vehicles on the road with unique risks, advanced technology and more expensive parts to replace.

Loss trends will continue to pressure the market, and carriers have become increasingly selective about the risks they are willing to write. We are working closely with clients to find creative ways to structure their programs while also addressing and enhancing their risk profiles.

ACT NOW

- Examine your loss history and fleet size as you prepare to go to market.
- Implement and track risk control and safety strategies like training programs for drivers, GPS tracking and telematics; highlight these enhancements to underwriters.
- Work with your broker to explore creative alternative solutions to your program structure.



KEY TREND #3

Investment in AI Surges While Attitudes on Risk Lag

According to a new Gallagher AI Adoption and Attitudes Risk Survey*, 73% of global companies are investing in AI use in 2024, compared with 58% in 2023. However, only 11% of global business leaders say that AI is a risk to their business in 2024, up from 5% in 2023.

These data points confirm for us that business leaders are increasingly enthusiastic about the potential efficiencies that AI can bring, yet the associated risks are currently being overlooked. Over time, this focus is expected to change, as history shows that new technologies usually get a lot of attention at first when it comes to potential risks. Many middle-market clients do not have strong AI risk management in their data governance plans yet, while bigger organizations usually have legal compliance departments that are better prepared to tackle these issues.

Currently, most of the lawsuits around AI are about copyright infringement against the providers, and there are also worries about privacy issues and discrimination. We're keeping a pulse on these cases to see how the market responds. Carriers might start to challenge the current insurance coverage and even may stop covering AI-driven claims, similar to early cyber claims.

ACT NOW

- Evaluate your AI risk to identify potential threats and vulnerabilities to your business, and work with your insurance broker to create a comprehensive risk mitigation plan.
- Implement employee training and policies for AI use.
- Learn more about the rapidly changing state and federal regulations around AI: [The Intersection of Artificial Intelligence, Regulation, and Risk Management.](#)



KEY TREND #4

Prioritizing Risk Management No Longer Optional

Proactive risk management should be a top priority for your 2025 Q2 renewal discussion, as it is no longer optional for businesses building both short- and long-term resiliency.

Another way to think about resiliency is improving how your business identifies and manages its risk profile. Your risk profile is how insurers evaluate your organization's risks — determining premiums, coverage and terms. This involves reducing potential threats and strengthening your ability to handle unexpected events, which can lead to better insurance terms, increased investor confidence, greater organizational stability and opportunity for innovation.

We're watching three key resiliency builders in 2025:

- 1. Building safety strategies:** The actions a company takes to quantify, eliminate, transfer and mitigate risk can expand the pool of insurance companies interested in your program.
- 2. Building talent:** The war for talent continues as companies compete to recruit and retain risk management professionals. Mentorship and talent development are crucial in human capital roles like risk management and insurance, and we're seeing a new generation of leaders who bring new skillsets that we must embrace and encourage.
- 3. Building trust:** Transparency throughout the renewal process is essential for closing the trust gap between businesses and insurers, which is crucial for navigating uncertainties and achieving optimal outcomes.

ACT NOW

- Work with a proactive broker who analyzes your unique risks and coverage gaps, negotiates with carriers to secure the best terms, and provides insights and strategies to strengthen your profile.
- Prioritize the inclusion of niche experts during renewal discussions who can address your unique risk. Check out Gallagher's industry experts at <https://www.ajg.com/>.
- Take an 'improve your risk profile approach to your risk management program to better understand your current risk profile and identify specific improvement related actions and determine the best program available to your organization.
- Check out Gallagher FutureCast latest event: Risk and Insurance 2025: [Key Trends, Market Insights and Winning Strategies](#)



KEY TREND #5

Innovation Favors Data and Technology

We've seen the demand for more data in renewal discussions become increasingly critical.

Technology plays a pivotal role in making data more accessible, understandable and actionable. Clients need to have more choices in how they access and utilize data, with self-serve options that empower them to take control. Data and technology innovation in insurance are key to providing clients with affordable and creative solutions, allowing them to be more nimble and proactive in their decision-making.

Technological advancement enables faster insights, giving clients ample time to make informed decisions before going to market and incorporating that information into their submissions. As a result, clients are better equipped to navigate the complexities of the insurance industry and achieve their strategic goals. As technology continues to advance, partnering with experts is essential to mitigate risks and fully leverage technological benefits.

ACT NOW

- This approach makes the insurance buying process less complicated, easier to understand and puts control into the hands of our customers.
- Learn more about [Gallagher's Digital Capabilities](#)

*Gallagher performed a global research study of 900 business leaders in North America, UK/Europe and APAC to identify changes YOY (December 2023 and December 2024) to understand:

1. Relative rate of adoption of AI within business
2. Leaders' perception of the risk vs opportunity of AI in their business
3. Strategies businesses are employing to integrate AI into their business processes and the relative impact on their risk management and people strategies

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