

Evolving Market Toolkit

Insights and strategies
for navigating an evolving
insurance landscape.



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SECTION 1

Evolving Market Update

WHAT'S HAPPENING IN THE
CURRENT EVOLVING MARKET?



A Return to Normal?

As the traditional market cycle evolves, agents must navigate current market conditions by individual risks.

Historically, property & casualty (p&c) insurance has followed a predictable cycle — a hard market, followed by softening conditions and then back to a hard market once more.

But the new normal is that market conditions—even within the same line of business—can vary based on the specific characteristics of the risk. Agents need to look no further than property markets with coastal proximity or markets in the Midwest facing the increasing frequency of severe convective storms.

Although hard markets tend to be more monolithic in their impact across most p&c lines of business, the continuing ripples of the pandemic supply chain disruption linger in replacement costs. As the economy began to normalize post-pandemic, higher energy and materials costs have created inflationary pressures that insurance companies must incorporate in their pricing models.

Meanwhile, the entrance of artificial intelligence (AI) on a scale and in applications that exceed a traditional understanding of how data is used is forcing another reckoning. Potential efficiencies are being realized, touching everything from underwriting and claims to distribution and a more personalized customer experience.

Market Metrics

For individual lines of business, as indicated in the June 2026 [Ivans Index](#), while the rate of increase is lower in 2026 than in 2025 for casualty lines, except for workers comp, the increases are still higher than the rate of inflation. For businesses, this certainly does not represent a soft market, compared to large and complex property, where rates are falling: WTW reports single-carrier property rates down 8.4% in Q2 2026 (Insurance Marketplace Realities 2027).

Although it is not unusual to find periods when casualty rate increases are up and commercial property rates are down, or vice versa, agents need to personalize their messaging to reflect the impact on clients based on their actual coverage profile.

Geography also plays a role in casualty premium rates due to settlements or jury verdicts exceeding \$10 million, which continue to challenge the limits businesses need to protect themselves.

Claim frequency continues to rise. However, it is the severity of verdicts in plaintiff-friendly states that accounts for the variation in premium increases around the U.S. Some states like Florida and Georgia have implemented reforms. At the same time, the industry has been contending with the institutionalization of plaintiff-driven litigation. This has been fueled by the tremendous amount of attorney advertising to maintain the status quo in plaintiff-friendly states.

Of particular interest to independent agents, according to the Big “I” 2026 Market Share Report, independent agencies accounted for 87.7% of commercial lines written premiums in 2025, up from 83% 10 years ago. The captive and exclusive agent channel has contracted materially over the last few years. For example, the number of Allstate’s exclusive agents has declined to 8,400, according to its [2023 SEC filings](#). In an [April 16, 2018 press release](#), Nationwide announced that it would exit the exclusive agency model entirely in favor of a fully independent agency distribution model.

Despite the market challenges of the past decade, independent agents’ market share remains stable.

KEY TAKEAWAYS

THE MARKET ISN'T ONE-SIZE-FITS-ALL

Each client's experience depends on coverage profile, industry and geography.



THE BIG STORY

Casualty rates are still rising – and higher than the rate of inflation



THE CONTRAST

Property rates are moving in the opposite direction.



THE NEED

Agents must personalize client messaging based on actual coverage profile



THE PRESSURE

\$10M+ settlements and verdicts challenge coverage limits



THE VARIABLE

Geography matters



THE OPPORTUNITY

Independent agencies wrote 87.7% of commercial line premiums (in 2025), up from 83% (2015)

State of the Consumer

Consumers are stressed by rising prices, stagnant wages and a job market wrestling with the introduction of AI and its impact on entry-level professional and clerical workers. Post-pandemic, insurance availability and affordability have been issues for consumers, depending on where they live, what they own, and what perils they are insuring against.

What is different in the current insurance market is that the cost of buying, maintaining and repairing vehicles and houses has gotten significantly more expensive.

The average auto collision repair cost has risen from approximately \$3,000 in 2018, according to CCC [Intelligent Solutions data](#), to an estimated \$4,700–\$5,000 in 2025-2026, based on industry data.

Home prices have experienced sharp increases. According to U.S. Census Bureau and U.S. Department of Housing and Urban Development [data](#), the median sales price of houses sold in the United States in 2016 was \$305,125. For 2026, the Census Bureau reported the median home sale price at \$403,200 in Q1 2026. Potential buyers have also contended with rising interest rates, which are pricing many out of the market while stopping other homeowners from moving due to the low mortgage rate on their current home.

Homeowners insurance costs have risen faster than inflation since 2018, and these increases can affect home values, especially in catastrophe-prone areas. According to the [Home Buying Institute](#), home insurance premiums in the U.S. increased by around 24% between 2021 and 2024, outpacing inflation by 11%. According to [John Rogers](#), chief data and analytics officer for Cotality,

“*For every 10% increase in insurance premiums, the house’s value decreases by 4.6%.*”



Auto Collision Repair Average Cost

2018\$3K

2025/26\$4.7K - \$5K



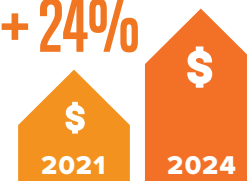
Median Sales Price Houses Sold (U.S.)

2016 \$305,125

2026 \$403,200

Home Insurance Premiums in U.S.

+ 24%



Outpace Inflation by
11% SINCE 2021–2024

What's Next?

As consumers seek to mitigate rising insurance premiums, unbundling will increase. J.D. Power [data](#) is the most explicit on unbundling: Bundling of home and auto policies declined significantly in 2024 compared with 2023, with growing consumer intent to switch auto insurance without switching home insurance.

In commercial lines, self-driving trucks are already in use in some areas of Texas, although widespread adoption is still several years away.

As a result, accident-avoidance technology will continue to evolve, leading to a decrease in frequency, although severity will increase unless social inflation can be curbed.

The most significant development to watch is AI's impact on the entire insurance ecosystem. Independent agents can expect that AI—both generative and agentic—will enable carriers to address the pain points that agents still deal with on a day-to-day basis. At the same time, agencies cannot stay on the sidelines. For some, AI is reducing the time and effort to quote new business, compare policy documents and parse data without reentering it, but agencies need an AI strategy and tactics to improve efficiency and the customer experience.

AI's potential to free up agency staff for more frequent customer interactions will help agents develop and maintain their customer relationships. But agents need to consider that their future competition is not just the agency down the street but also an LLM that is ready to help the client answer questions and place their insurance—or connect them with the best company.

💡 SOCIAL INFLATION:

Describes how insurance claim costs rise faster than normal economic inflation due to aggressive legal tactics, including advertising and litigation funding, changing public attitudes toward corporate responsibility that result in larger jury awards, and increased litigation from plaintiffs seeking excessive monetary awards.

Due to these costs, social inflation ultimately influences and drives up the price of coverage.

TRENDS BY LINE

In evolving markets, there is a divergence among lines of business. The following pricing trends by line compare Q1 2026 versus Q4 2025 and are examples of the fluctuations.

SOURCE: [IVANS INDEX](#)

Avg. Premium Renewal Rates

Q1 2026 versus Q4 2025

Commercial Auto: ↓

Q1 2026: 5.28%

↓ a decrease compared to

Q4 2025: 6.97%

Business Owners Policy (BOP): ↓

Q1 2026: 6.74%

↓ a decrease from

Q4 2025: 7.52%

General Liability: ↓

Q1 2026: 6.85%

↓ a decrease compared to

Q4 2025: 7.23%

Commercial Property: ↓

Q1 2026: 6.83%

↓ a significant decrease from

Q4 2025: 8.01%

Umbrella: ↓

Q1 2026: 9.36%

↓ a slight decrease from

Q4 2025: 9.49%

Workers Compensation: ↓

Q1 2026: -1.73%

↓ a decrease compared to

Q4 2025: -1.61%

“The divergence of rate activity points to the problem that agents confront in dealing with clients who assume the soft market narrative applies to all lines, driving incorrect perceptions for renewals.”



Thank You

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