

Softer Pricing, Sharper Risk Shape Insurance Agents and Brokers E&O Market

The insurance agents and brokers E&O market continues to soften, driven by abundant capacity and increased competition, specifically for larger, well-performing agencies. Meanwhile, the professional liability landscape for agents and brokers is becoming more complex. Claims activity remains steady, regulatory scrutiny is intensifying and new risk vectors such as artificial intelligence (AI) are introducing coverage questions that the market is still working to address. The result is a growing disconnect between pricing trends and the underlying risk profile facing agencies today.



Capacity and pricing trends

Capacity is widely available across the agents and brokers E&O market, with the most favorable conditions appearing for larger firms. These accounts are seeing meaningful rate decreases and broader underwriting appetite, reflecting strong competition among carriers eager to deploy capital. Smaller agencies are also benefiting from available capacity, though pricing improvements are generally more modest.

In the excess layer, capacity is present but more controlled. Many excess carriers are currently offering limits in \$5M increments, which can require additional layering for larger towers. While this is not constraining placements, it does require more structuring and coordination, particularly for larger agencies or those with complex operations.

Overall, renewal conditions are favorable, and buyers are seeing improved terms in many cases. However, the soft market environment should not be mistaken for reduced exposure.

Claims activity and litigation trends

Despite declining rates, claims activity has remained steady. Coverage placement errors, clerical mistakes and failure to recommend or explain appropriate coverage continue to drive frequency. These are familiar exposure points, but their impact is amplified by broader litigation trends.

Social inflation and the growth of third-party litigation funding are pushing severity higher, particularly as plaintiffs' attorneys increasingly frame E&O allegations as breaches of fiduciary duty rather than negligence. Defense costs are rising accordingly, even for claims that may ultimately settle or resolve without large indemnity payments.

Extended statutes of limitation for sexual abuse and misconduct claims are also contributing to long-tail exposure, especially for agencies that serve schools, nonprofits and youth-focused organizations. These claims can surface years after the alleged conduct, often with limited documentation available, complicating defense and increasing uncertainty.



Regulatory and compliance pressures

Regulatory scrutiny of insurance agents and brokers continues to intensify, even as the E&O market softens. State regulators are placing greater emphasis on compensation transparency, fee disclosures and documentation of advisory services, distinctly in surplus lines and complex placements. In some jurisdictions, expanded “best interest” standards are increasing expectations around how recommendations are documented and communicated.

Licensing compliance has also become more challenging as agencies expand digitally and operate across state lines. Remote work arrangements, nonresident licensing requirements and the use of unlicensed support staff can create regulatory gaps that compound E&O exposure if a claim later challenges the validity of a placement.

Data privacy and cybersecurity obligations add another layer of risk. Agencies handling sensitive client information may face regulatory investigations alongside professional liability claims if safeguards, vendor oversight or notification requirements are found to be lacking.

In catastrophe-prone states, increased reliance on FAIR Plans and residual market mechanisms has led to heightened scrutiny of coverage explanations. Following catastrophic events, clients often allege failure to explain limitations, exclusions or insolvency-related provisions, which can be difficult to defend after the fact.





AI and the evolving E&O exposure

One of the most notable emerging issues in the agent and broker E&O space is the growing use of AI tools in day-to-day operations. A common concern being raised is straightforward but consequential: what happens if an agent relies on AI-generated output, shares it with a client without verification and that information turns out to be wrong?

The E&O market is beginning to respond. Some carriers are clarifying policy language around the use of AI and automation tools to avoid ambiguity about coverage intent. In other segments of the professional and management liability market, insurers have begun proposing broad AI-related exclusions, denying coverage for claims “arising out of” the use of AI tools.

For now, most traditional agent and broker E&O policies still respond to claims alleging professional negligence, regardless of whether technology was involved. Courts and claims adjusters generally view AI as part of the agent’s workflow, not a separate responsible party.

However, claim framing matters. Allegations focused on failure to exercise professional judgment are more likely to fall within coverage than those characterized as technology failures. Some carriers are exploring affirmative AI endorsements to explicitly address these exposures, but many brokers and insureds remain cautious.

Takeaway

The current E&O market presents an opportunity but also a warning. Pricing and capacity are favorable, yet the risk environment is growing more complex. Agents and brokers should use this window to review policy language carefully, ensure limits align with today’s severity trends and avoid endorsements that unintentionally narrow coverage for emerging risks like AI or cyber-related professional services.

Strong documentation, clear client communications and demonstrable human oversight, especially when using automated tools, are quickly becoming essential risk management practices. In a market where pricing is improving but exposures are expanding, disciplined risk management remains the best long-term strategy.

We help you win

Anyone who provides a service to others for compensation is at risk for an E&O claim. With countless types of service professionals and risk factors, Amwins is here to lend a hand.

Our specialists ensure your client's policy is designed to cover the specific service being performed. **Amwins expertise** includes coverage for accountants, architects & engineers, contractors, lawyers, medical professionals, and much more.

Contact a broker today to learn more.

Insights provided by:

– Aileen Spiker Berry, EVP, Amwins Brokerage

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

LEGAL DISCLAIMER

Views expressed here do not constitute legal advice. The information contained herein is for general guidance of matter only and not for the purpose of providing legal advice. Discussion of insurance policy language is descriptive only. Every policy has different policy language. Coverage afforded under any insurance policy issued is subject to individual policy terms and conditions. Please refer to your policy for the actual language.

Courtesy of Amwins Group, Inc.

