AMWINS

# Unlocking Value in a Softening Property Market

After several challenging years in the commercial property market, rates are now falling. Improved catastrophe loss ratios, increased capacity and a cooling reinsurance market have opened the door for more competitive pricing. And while securing favorable pricing is important, the real value of a property insurance policy goes far beyond the number on the bottom line. Buyers and brokers alike should be cautious not to conflate lower premiums with better deals.

## What's going on in the property market

What was once a fiercely hard market marked by tight capacity, high rates and restrictive terms has, over the last year and a half, softened in dramatic fashion. That change didn't come overnight.

The start of the hard market shift was in late 2023. One of the earliest signs came when underwriters started agreeing to changes that they would've rejected in the past. The real turning point came as new entrants, many without the baggage of previous losses, started to circle the market, eager to compete.

Pricing in the property market hasn't hit bottom and we expect it will continue to decrease. Capacity will likely continue to increase, and terms should become even more favorable for insureds.

As a result, brokers now have more leverage when it comes to structuring favorable deals. However, a strong deal is still about more than price; terms, conditions and structure can make or break coverage when a loss occurs.

## How retail brokers can take advantage of the softening property market

**Against this backdrop, brokers face a different kind of challenge. When price becomes the story, many may overlook the actual substance of a deal. The most important considerations in a property policy include:**

- Terms and conditions
- Stability of the carrier
- Insurance to value (ITV)
- Coverage needed based on risk and geographic exposure

The structure of a property program can vary significantly based on both the size of the account and its geographic footprint. For large accounts, it's common to layer coverage across multiple carriers. This helps diversify risk and may prevent overreliance on a single market, which is especially important if a carrier pulls back or exits the segment.

For example, if you have $2.5M to $5M capacity from all the carriers on your placement, and one carrier needs to be moved out, someone else can be moved in. It's more fluid, and easier to keep the same terms and conditions.

In catastrophe-prone areas like Florida, California or the Gulf Coast, the cost and availability of coverage can shift dramatically. Carriers may tighten terms by applying higher deductibles and lower sub-limits or requiring more specialized risk mitigation strategies.

It is important to scrutinize carriers' financial ratings. Choosing a carrier solely on price can result in being left with "pennies on the dollar" if the carrier becomes insolvent.

With the market softening, choice, leverage and precision have returned to the broker's toolbox. We encourage you to take advantage of additional capacity to help get your clients the best deal, not just the cheapest.

## The Amwins advantage – expertise, tools and market leverage

Working with a trusted wholesaler can be the difference between a quick placement and a strategic, future-proof solution.

Amwins brings several key advantages to the table: resources, including catastrophe modelling and sophisticated analytics; specialized knowledge of both industries and insurance; access to exclusive E&S, international, or wholesale-only markets; and, most importantly, the leverage to negotiate stronger terms and conditions.

Access to tools like valuation resources and advanced analytics isn't just a luxury. In a complex property market, it's a necessity.

With rates still on the decline, this is an opportune time to secure better pricing – but not at the expense of quality, stability, or coverage integrity. A comprehensive property insurance strategy balances cost with risk, and Amwins can help ensure your clients get the best of both.

**Insights provided by:**

- Michelle Yuko, Executive Vice President with Amwins Brokerage
- Jennifer Klassen, Executive Vice President with 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.*