

State of the Market

Energy / Q4 2025

After two years of turmoil, the energy insurance market enters 2026 with a mix of renewed competition and selective underwriting discipline. Rates are broadly softening across downstream property and professional lines, while casualty markets continue to wrestle with social inflation, nuclear verdicts and rising loss severity. Early 2025 began with notable losses, which temporarily slowed the pace of softening but did not reverse it.

While property markets benefit from abundant capacity and strong competition, casualty lines remain more constrained, with underwriters maintaining discipline on limits and retentions. As the energy sector adapts to rapid technological and operational changes, insureds can expect continued divergence between these two market segments in 2026.





Downstream energy property sector stabilizes

On the property side, the downstream energy market continues to soften. After several years of correction, 2025 brought consistent softening as capacity expanded and profitability improved following a benign 2024 loss year. The **refinery losses at PBF Energy's Martinez and Varo Energy's Bayernoil facilities** in early 2025 started the year with large industry losses. Still, rate reductions continued as overall insurer profitability remains positive.

The energy property insurance market maintains a relatively optimistic outlook through the balance of 2025, supported by an oversupply of capacity across nearly all segments. Rates remain soft, with reductions of up to 20% in some cases. However, non-catastrophe losses have already exceeded the total global premium for the downstream sector. Combined with the impact of several large natural catastrophe events, this has prompted close attention to the upcoming 2025/2026 reinsurance treaty renewals and early 2026 placements, which may signal whether the market adopts a more disciplined approach to ratings.

Capacity remains plentiful, with underwriters deploying larger line sizes on well-engineered, loss-free risks. Oversubscription has become commonplace, and even maintaining market share is challenging. Soft-market incentives such as long-term agreements and no-claims bonuses have returned, even loosening of retention levels and margins on key clauses like Business Interruption Volatility are being considered.

Underwriters are also paying closer attention to contractor performance and oversight, along with supply chain issues, a key factor in recent loss events. Insureds should anticipate greater scrutiny around safety procedures, vendor qualifications and risk management frameworks at renewal. Despite this, competition remains strong for larger projects.



Power & renewables

The property-driven power segment continues to face evolving risks tied to rising energy demand and technological change. Population growth, elevated temperatures and energy consumption from artificial intelligence, electric vehicles and cryptocurrency mining are straining power infrastructure and contributing to higher attritional losses.

Battery storage and solar installations continue to expand, supported by insurer appetite for proven technologies with robust loss control. However, new or untested technologies still encounter tighter terms and limited capacity. The growing frequency of insured SCS events continues to be a challenge for insurers. While capacity has increased for the risk, the losses result in the insurer's continued differentiation of individual projects and operators, especially in the solar industry.

Insurers are incorporating more sophisticated data analytics and AI-driven modeling to assess and price these exposures. As a result, insureds should expect more detailed information requests at submission and renewal to secure optimal terms.

Midstream sector faces capacity rebalancing

On the property side, the midstream market is showing rate relief, supported by competition from new entrants and expanded domestic capacity. However, conditions remain segmented — high-quality, well-managed assets are attracting rate decreases, while loss-affected risks face stricter underwriting review.

On the casualty side, the market continues to grapple with rising severity and litigation costs. Nuclear verdicts, third-party litigation funding and social inflation are driving claims inflation and limiting the extent of rate softening. Carriers are tightening their appetites, cutting limits and applying higher attachment points to manage volatility.

Jurisdictional challenges remain most acute in states such as Texas and Louisiana, where plaintiff-friendly venues have created pricing pressure and reduced available capacity. Although M&A activity has slowed under regulatory scrutiny, midstream remains active — with new projects and asset expansions helping maintain overall demand for coverage.

The casualty energy market, while stable, is beginning to flatten in terms of rate movement. Loss trends and auto exposures continue to keep pricing modestly positive, but new capacity is steadily entering the U.S. domestic market. As loss development from 2020–2024 continues to mount, underwriters are expected to hold rates near flat heading into 2026 rather than reversing the current direction.



Upstream energy sector confronts limited capacity

On the casualty side, reduced participation from long-standing carriers has created additional challenges, particularly for large accounts requiring significant limits. Fewer active markets have driven continued reliance on multi-carrier placements. Legal and jurisdictional severity in Texas and Louisiana remains a major factor shaping pricing and limit deployment.

Despite these pressures, the upstream segment remains stable overall. Pricing discipline is expected to persist into 2026, with reinsurance support and strong demand balancing out capacity constraints.



Professional lines see stable D&O and softening cyber conditions

In professional and financial lines, favorable conditions continue. Directors and Officers (D&O) insurance remains stable, with ample capacity and rate decreases for well-capitalized companies. Underwriters remain cautious with debt-leveraged or financially strained accounts, maintaining selectivity but showing a willingness to compete for quality business.

The cyber market remains one of the softest in the sector. Premiums are generally flat or modestly down year over year, supported by increased insurer confidence in underwriting controls and improved claims experience. While ransomware and class action privacy litigation remain ongoing risks, market sentiment is stable. For now, capacity and competition continue to outweigh claim volatility.



London

The London energy market remains an anchor for complex and international placements, defined by strong capacity, competitive pricing and fluid personnel movement among underwriters and brokers. By the end of 2024, downstream property had entered a sustained softening phase following a profitable year.

On the property side, rates are consistently down double digits, with an abundance of capacity, especially for well-engineered risks. The Managing General Agent (MGA) space continues to expand in contrast to the U.S., where capacity has contracted.

Within casualty, social inflation and third-party litigation funding continue to pressure loss ratios, although London markets remain willing to support higher limits for well-performing accounts. While there have been no new widespread exclusions, PFAS and cyber exposures remain key focus areas for underwriters.

Overall, London markets are competitive, with abundant capacity. The trend is expected to continue through 2025, with an eye on 2026 to see where the market goes.

Takeaway

The energy insurance market moves into 2026 with a clear divide between property and casualty dynamics. Property markets — across downstream, midstream and power — are broadly softening as abundant capacity drives competition. Casualty markets, however, remain disciplined due to continued legal and claims pressures.

As the energy demand continues to accelerate, a strong focus on new AI-driven loss control systems, growth in thermal and renewables power developments, along with evolving technologies across the energy sector will continue to shape underwriting behavior across all segments. The market's stability will depend on the balance between underwriting discipline and capacity deployment in the face of emerging risks.

At Amwins, we help our partners navigate these shifts through deep market insight, proactive renewal strategies and customized placement solutions. Our energy specialists work closely with retailers and insureds to anticipate change, protect portfolios and capitalize on opportunities in an evolving global market.

Insights provided by

- Ben Abernathy, Vice President of Marketing, Amwins Brokerage
- Rob Battenfield, Executive Vice President, Amwins Brokerage
- Craig Dunn, Executive Vice President, Amwins Brokerage
- Johnny Hilliard, Divisional Director, Amwins Global Risks
- Edward McCafferty, Divisional Director, Amwins Global Risks

